THE Freeman

IDEAS ON LIBERTY

JANUARY 1958

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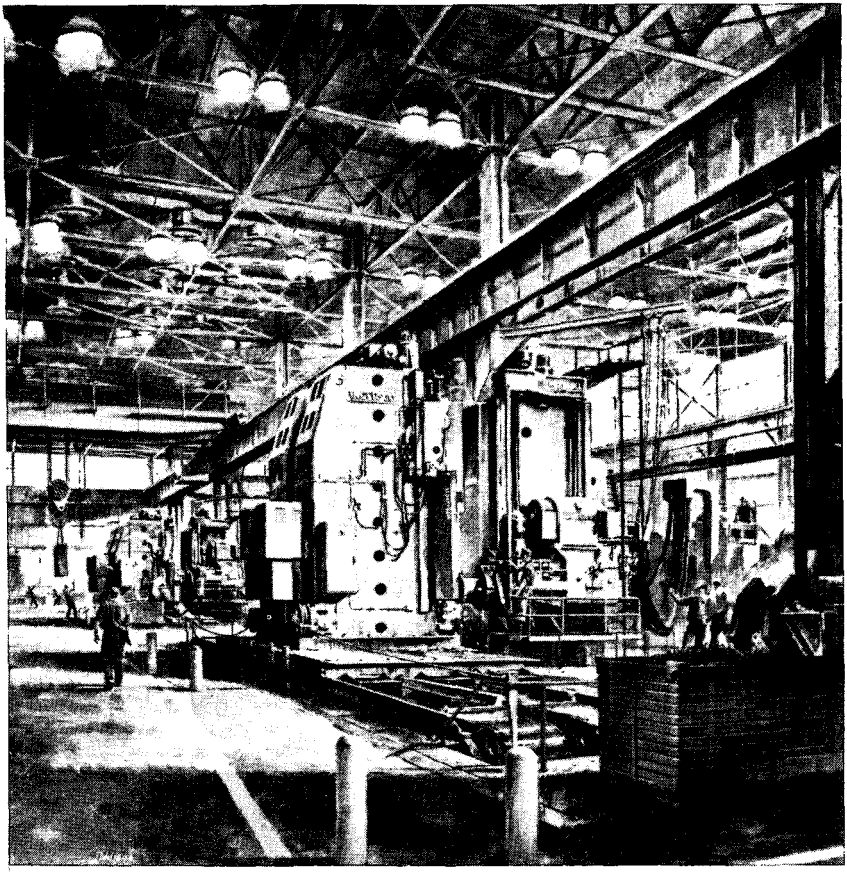

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THE Freeman

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ON SHARING PROFITS

F. A. HARPER

MUCH ADO is adrift about profit sharing, or more specifically the extent to which employees should share in profits. How can a sound decision be arrived at? What is the principle involved?

The first step is to separate the matter of profit sharing from separate issues with which it is commonly confused. For instance, a business may be in trouble with employees through some fault of one or the other. A strike may be threatened or in progress. Employees' demands are resisted by the employer until appeasement is resorted to in order to try to continue production. The employees, in fishing for favors, may include profit sharing as one form of bait, along with things like a new bowling alley, vacation trips to Florida, or what not. When this happens, profit sharing is not being judged on its own as a matter of principle, but purely as a device for appeasement – not the object of this analysis.

The claim of employees to a share in the profits may arise as a diluted form of the Marxian theory of surplus value. This theory asserts that all the product belongs to the employees who use the capital; that none of it belongs to the owner of the capital per se. One who really believes in this surplus value theory should be opposed to any profit sharing plan, because it compromises his belief that the user of the tools has a proper claim to *all* the profits, not just a share in them. Why should he allow the owner of the tools to have any of the profits, under this belief?

And furthermore, how can it be claimed, under the surplus value

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concept, that the immediate users of those particular tools should get all the profit, as against other users of other tools contributing to the task? If the theory has validity, shouldn't the profit be shared with all the other employees elsewhere who produce goods and services purchased by this particular firm – those who made the steel it bought, those who supplied the electricity and telephones used, etc.? So even according to the surplus value theory, profit sharing in the form usually proposed has no validity.

Others who argue for profit sharing will concede that capital owners deserve some reward for their services, but they will contend that the profit should somehow be shared with the employee "partners in production." Shared how? Half and half? Or some other proportion? The only way such questions can be answered is to pin down the basis for the claim. Who has a valid claim to what – on what grounds, and how much?

Profits and Ownership

Before a thing can be shared, it is first necessary to know its precise nature and amount. What, precisely, are profits?

In business accounting, profit is the amount remaining for the owner out of his income for the period, after providing for all costs other than return for owner capital.[1]

Profit sharing from the standpoint of justice, then, leads basically and at the outset to the question of ownership. This can best be seen in its essence by looking at a simple case. A helpful place to start is with a single person who, as a private owner, is producing something without the help of any employees.

Josephus Doakes, let us say, produces potatoes and sells them on the local market. His own time spent on his own land is all that is involved in their production; no employees; no other production expense. He takes a bushel of his potatoes to the local market and sells it for $2.00. Who can question the fact that since he owns both himself and the land, he thereby has an undisputed claim to the entire $2.00 derived therefrom? Since nothing else went into its production, nobody else has any valid claim to any of the $2.00. Each of the 200 cents is his without distinction between the first cent, the hundredth cent, or

[1]This differs from a concept of profits in theoretical economic analysis which uses the alternative opportunity cost for all factors of production. Whatever else may be said for it, the alternative opportunity concept is not one that a business accountant can use to measure profits as they are considered for this purpose.

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the two-hundredth cent. Valid claims cannot be made by others, to either certain cents among them or to any proportion of the whole. For to do so would violate Josephus' rights of private property as a free man – as much, in principle, for one cent as though someone were to claim the entire $2.00.

Now let us assume that Josephus retires to the status of a landowner-manager, hiring Alonzo Brown to perform all the labor of growing and marketing the potatoes. At the outset the two men bargain for a wage. Josephus offers to pay him either on a piecework basis – so much for each bushel of potatoes he grows and markets – or on an hourly basis for the time worked. Alonzo chooses the hourly wage plan. Then they bargain for the hourly amount. Alonzo looks around at all the other jobs available and finds that the best he can do elsewhere is $1.50 an hour (a figure Josephus probably does not know, however). Josephus looks around to see what other help he can hire, and finds that it would cost him $1.90 an hour (which Alonzo probably does not know either). Let us say that when the bargaining is settled and a wage arrived at, it is $1.70 an hour. It turns out that at the end of the season Alonzo has produced and marketed an average of one bushel of potatoes per hour of work. The bushel of potatoes will still sell for $2.00 as before, since its worth to consumers is not altered by details of the production arrangement about which consumers know – and care – little or nothing.

The Owner Bears the Risk

From the standpoint of ownership, the potatoes till sold were, of course, the complete property of Josephus, just as if he had done all the work himself. Who could argue that the full $2.00 of sale proceeds does not also belong to Josephus, as before? This is clear if one realizes the nature of the agreement between the two men. Josephus agreed to pay Alonzo $1.70 for the time he worked. He did not agree to give him a proportion of either the potatoes or of the sales proceeds. The wage claim of $1.70 stands against Josephus – all his property and income alike, other things as much as the potatoes. The $1.70 is owed whether the potatoes bring $2.00 or some other price – is owed, in fact, even if the potatoes cannot be sold at all or if they were to be destroyed by a flood on the way to market.

The point is, so far as property rights are concerned, that the entire product belongs to Josephus until sold, irrespective of whether

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he produced it himself or hired someone to assist him in its production; that from the standpoint of property rights, ownership is entire and indivisible. Nobody working to assist in its production has any claim to it whatever, so long as the owner fulfills his contract as to the wage payment that had been previously agreed to. And if the wage has not been paid in full, the claim is against all the owner's property equally with all other unpaid claimants such as the telephone bill, the utility bill, the family physician's bill, or what not. There is nothing peculiar or preferential in the employee's claim, as against any other item of expense.

The Profit Sharing Idea

We may now test the profit sharing idea against this background of the nature of profits and of ownership's rights. Using again the instance where Josephus hired Alonzo at a wage to produce potatoes on his land, let us suppose that it is now argued that Alonzo, in justice, has a right to some share in the profits.

Since from the standpoint of ownership the so-called profits are an indistinguishable part of the entire bushel of potatoes or of the $2.00 for which they were sold, Alonzo has no valid claim to any part thereof so long as he has been paid his wage, according to the original agreement. Alonzo owns no part of them, any more than does any outside person. There is no way to arrange priorities of rights to ownership among persons, all of whom lack any such rights; and so the employee has no right to any of the profits with priority over anyone else.

And if, by some reasoning that wholly escapes my imagination, one were to argue that under private property Josephus should be forced to surrender some of the $2.00 to someone else, it would seem reasonable to argue that Alonzo should at the time of the distribution take his place in line with all other living humans. The mere fact that Alonzo happened to be closer at hand as a workman should give him no priority in rights over the telephone operator, or the engineer on the railroad, or some distant Asiatic infant.

It is therefore irrelevant to go into the complex question of how one might calculate fairly the amount of the profit that Josephus should divide with Alonzo. But let's see what one gets into if he tries. In the instance cited, 30 cents was left over after paying Alonzo's wage for the time he spent in producing the bushel of potatoes. Was there in this instance a profit of 30 cents? And $2.00 profit, by similar reasoning,

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when Josephus had done all the work? Are we then to conclude that Josephus could increase his profit by $1.70 if he did all the work himself rather than to have hired Alonzo? Or if not, what is the "profit" to be shared?

The point is that no matter how the accounting is resolved for purposes such as a corporate financial report, or income tax accounting, it does not alter the rights of ownership—Josephus owns the bushel of potatoes until it is sold, and Alonzo owns the $1.70 of agreed wage. And Josephus happened to have 30 cents left as a residual for the use of his land and for his management – call it what you will. Alonzo's right was limited to the $1.70 wage, because he had chosen its certainty rather than the uncertainty of a residual.

Suppose there had been a loss of 10 cents instead of a profit of 30 cents; would Alonzo then claim a share in the loss? Loss sharing is the other half of profit sharing. There is as much or as little of justice and rights in one as in the other. I would say that for the situation described here neither is justice; that the wage was separately and validly agreed to as $1.70, leaving the loss as well as the profit for Josephus alone to own.

Then there is the point that Alonzo had a profit, in a sense, as part of his $1.70. The best job he could find elsewhere would have paid him only $1.50, so Josephus was paying him a benefit of 20 cents above what anyone else would offer. If the profit sharing argument were valid, should Alonzo share his 20 cents with Josephus, and Josephus share his 30 cents with Alonzo?

Whenever one departs from strict adherence to the concept of ownership in the form of personal property rights and contractual obligations, he will have constructed a seemingly unsolvable problem. The tests to be applied are those of property and of contract. However calculated, to whom does the profit belong? Is his title valid and complete? What contractual obligations were made? Have they been met in full? These are the questions to be asked. And when they have been answered, justice already will have been identified.

Profit Sharing as a Wage

So far we have been speaking of a contracted rate of pay, which is almost universal in our economy. Another approach to profit sharing is to have "profits" made a part of the wage, when arriving at a wage agreement. In other words, if we were to adapt the potato project to such an arrangement, Josephus and Alonzo would

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not agree on a wage of $1.70 but would agree on some amount to be derived from the records of account after the potatoes have been sold and other costs determined – on some proportionate basis thereto. Payment by such a plan might become Alonzo's entire reward, or it could be made a part of his wage to supplement a base pay per hour lower than $1.70.

Though such an arrangement is perfectly proper, it is erroneous to call it profit sharing. For if profits are the amount remaining to owners after payment of wages and other costs, it obviously can't at the same time be a figure which includes some of the wage to be paid. A name – even "profit sharing" – does not change the animal. A wage is a wage, not a profit. Profits can't include nonprofits. And profits are something over and above all wages, accruing to the owner for his ownership.

Basing a wage in part on the financial results of the over-all operation should be referred to by some name other than profit sharing. It is as correct to call it cost sharing as to call it profit sharing. Why not speak of it as merely one form of wage payment, without any fancy name? That is what it really is.

As to whether the employer and the employee want the wage determined this way or that, they will have to decide on a plan and a rate at the outset and whenever wages are reconsidered. Perhaps they will agree on an hourly wage to be paid at the end or at the beginning of each day, or weekly, or monthly; it may be on a piecework basis; it may be some proportion of the outcome of the market venture in general; it may be some combination of these, together with wages in the form of more bowling alleys and picnics for employees, or De Luxe soap in the washrooms. Whatever the design of the wage plan, it will be valid if it is proper and agreed to by both parties to the employment. But however arrived at as to form, it is still all a wage and not profits.

I do not see how any form of wage payment – including this – can be said to be wrong in principle, provided it is understood in advance by both parties and voluntarily agreed to without coercive force. That goes for what is erroneously called a "sharing in profits" by nonowning employees. One may question this or that plan on the basis of its wisdom, or its effectiveness for purposes of efficiency, but he cannot question it on the basis of rights.

True Profit Sharing

There is only one way by which an employee may share in the profits of the business where he

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works, and that is by becoming a part owner. To do this he must invest capital in the venture, as would any nonemployee owner, thereby becoming a sharer in any profits and losses along with the other owners. But when he does this, he becomes a dual personality economically; he profits as an owner, as well as benefiting through the wage he receives by working for his owner self. When he does this, he enjoys profit sharing as a result of his owner function, not as a result of his employee function. It is not a method for profit sharing with employees as such, but is instead merely profit sharing with some new owners who happen also to be employees.

Ownership by Employees

It is not the main purpose here to appraise the wisdom of an employee owning shares in the business in which he is employed. But in favor of his doing so might be mentioned its effect in revealing a harmony of interest that should be evident between owner and employee. This becomes more vivid to the employee if he owns a share in the business. He is then less likely to engage in the common processes of economic suicide, typical of labor unions whose activities seem to rely on maintaining a chronic state of civil war between the forces that must cooperate if they are to live economically.

A point against employee ownership in the business, on the other hand, is that when his savings are thus invested, the employee's total risk is enhanced. For instance, if all a person's savings are to be invested in ownership of the business where he is employed, lack of orders leading to his being laid off or losing his job will come at the same time when dividends are likely to be reduced or suspended. He would lose both ways at the same time. So instead of his savings being a backlog of income available in time of adversity, they become an even more vulnerable object of the same adversity. Perhaps he will even have to sell his shares of ownership at especially depressed, sacrificial prices in order to tide him over the adversity.

Perhaps an employee's savings should be invested elsewhere in some form more safe and stable than his job – at least in some form not acutely vulnerable to the same adversities which affect his job. It would seem far better to place his savings where they are not so likely to suffer adversity at precisely the time when he will need reserve income. This severence of the two is hardly possible, of course, in a small self-

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owned, self-managed business wherein the advantages may justify the risk involved.

The more savings the employee has, of course, the more risk he can afford to take – the more safely he can put a part of his savings in the business where he works, as well as elsewhere. To the extent this can be done with safety, the more there will be *true* profit sharing at its best.

Profit Sharing Inherent in Capitalism

A discussion of profit sharing seems hardly complete without at least mentioning a form of employee benefit already existent throughout our entire economy to an amazing extent. It is a by-product of the capitalist system of private ownership and free exchange. Though it is not participation in profits in the usual sense of that term, it is participation in the benefits that flow from savings and invested capital, and it goes widely to the users of the tools. It is, in other words, precisely the same sort of thing aimed at in the Marxian theory of surplus value, only it is the user primarily rather than the owner of capital who is really getting the "unearned" benefit. The idea, briefly, is as follows:

As a consequence of the savings of capital invested in the tools of production in the United States, it has been estimated that as much as a nineteenfold increase in output has resulted, in contrast to what the same person would be able to produce if he were to work equally hard or even harder without the aid of these tools.[2] Looked at in this light alone, it can be said that as much as 95 cents of every dollar of production in the United States now is a consequence of savings that have been invested in tools – savings and investment primarily by others than the employees hired to operate them. One might say that this amount deserves a description usually affixed to profits, in that it arises out of the production made possible by the savings and tools; that otherwise the enhanced production would not be there even if the same laborers worked equally hard without any such tools.

The other 5 cents of the average person's income dollar, then, can in this sense be said to be a just wage for effort exerted, if we were to measure justice by what it could produce in the absence of these tools.

But when we look at the economy from the standpoint of who gets the fruits of production, we

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[2] "The Greatest Economic Charity" by F. A. Harper in *On Freedom and Free Enterprise* edited by Mary Sennholz. Princeton, New Jersey: D. Van Nostrand Company, Inc., 1956. pp. 94-107.

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find that the owners of capital get only 15 cents instead of the 95 cents; that users of the tools get 85 cents instead of the 5 cents. Of the "profit" figure measured in this way, then, the users of the tools are already getting 80 cents out of the 95-cent amount which the tools make possible; the owners get the other 15 cents. That is a sort of profit sharing, if one wishes to think of it in the sense of a profit which tools make possible – an automatic consequence of a capitalistic, free exchange economy.

The fruits of this form of profit sharing go to the labor force of the entire nation, more or less alike and without discrimination, rather than just to the employees of a selected individual plant or business. In a degree, it goes to the labor force of the entire world, too. If we want the benefits of production to be widely dispersed, we get it under a system of private property, individual enterprise, and free exchange as a sort of automatic consequence of the free decisions of all participants. It is "profit sharing without special privilege," one might say, with opportunity for all. • • •

The Dreaded Corporation

I DO NOT DREAD these corporations as instruments of power to destroy this country, because there are a thousand agencies which can regulate, restrain and control them; but there is a corporation we may all dread. That corporation is the federal government. From the aggression of this corporation there can be no safety, if it is allowed to go beyond the bounds, the well-defined limits of its power. I dread nothing so much as the exercise of ungranted and doubtful powers by this government. It is, in my opinion, the danger of dangers to the future of this country. Let us be sure we keep it always within its limits. If this great, ambitious, ever-growing corporation becomes oppressive, who shall check it? If it becomes wayward, who shall control it? If it becomes unjust, who shall trust it? As sentinels on the country's watchtower, senators, I beseech you watch and guard with sleepless dread that corporation which can make all property and rights, all states and people, and all liberty and hope, its playthings in an hour and its victims forever.

BENJAMIN HARVEY HILL, United States Senate, 1878

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THE GODS OF THE *Copybook Headings*

RUDYARD KIPLING

AS I PASS through my incarnations in every age and race,
I make my proper prostrations to the Gods of the Market Place.
Peering through reverent fingers I watch them flourish and fall,
And the Gods of the Copybook Headings, I notice, outlast them all.

We were living in trees when they met us. They showed us each in turn
That Water would certainly wet us, as Fire would certainly burn:
But we found them lacking in Uplift, Vision and Breadth of Mind,
So we left them to teach the Gorillas while we followed the March of Mankind.

We moved as the Spirit listed. *They* never altered their pace,
Being neither cloud nor wind-borne like the Gods of the Market Place,
But they always caught up with our progress, and presently word would come
That a tribe had been wiped off its icefield, or the lights had gone out in Rome.

With the Hopes that our World is built on they were utterly out of touch,
They denied that the Moon was Stilton; they denied she was even Dutch;
They denied that Wishes were Horses; they denied that a Pig had Wings;
So we worshipped the Gods of the Market Who promised these beautiful things.

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When the Cambrian measures were forming, They promised perpetual peace.
They swore, if we gave them our weapons, that the wars of the tribes would cease.
And when we disarmed They sold us and delivered us bound to our foe,
And the Gods of the Copybook Headings said: *"Stick to the Devil you know."*

On the first Feminian Sandstones we were promised the Fuller Life
(Which started by loving our neighbour and ended by loving his wife)
Till our women had no more children and the men lost reason and faith,
And the Gods of the Copybook Headings said: *"The Wages of Sin is Death."*

In the Carboniferous Epoch we were promised abundance for all,
By robbing selected Peter to pay for collective Paul;
But, though we had plenty of money, there was nothing our money could buy,
And the Gods of the Copybook Headings said: *"If you don't work you die."*

Then the Gods of the Market tumbled, and their smooth-tongued wizards withdrew,
And the hearts of the meanest were humbled and began to believe it was true
That All is not Gold that Glitters, and Two and Two make Four –
And the Gods of the Copybook Headings limped up to explain it once more.

* * * *

As it will be in the future, it was at the birth of Man –
There are only four things certain since Social Progress began: –
That the Dog returns to his Vomit and the Sow returns to her Mire,
And the burnt Fool's bandaged finger goes wabbling back to the Fire;

And that after this is accomplished, and the brave new world begins
When all men are paid for existing and no man must pay for his sins,
As surely as Water will wet us, as surely as Fire will burn,
The Gods of the Copybook Headings with terror and slaughter return!

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GEORGE M. CLARK

"THE FORGOTTEN MAN," first described by Professor William Graham Sumner in the 1880's, was the hard-working taxpayer. A half century later, "the forgotten man" of the New Deal meant a person of low income – the "underprivileged" and "neglected."

The New Deal sprang from the premise that a free economic system favors some and forgets others, and that it is the duty of the government to right this alleged wrong. Reasoning that one of the best ways to help the poor is to take from the rich, New Deal theorists concluded that this could be done most effectively through a steeply progressive income tax.

Now that this idea has been implemented on a large scale in America for nearly a quarter of a century, it is time to ask what its repercussions have been. Has it really benefited – remembered – the so-called forgotten man?

The superficial answer has to be "Yes." The "national income" is at an all-time high, even after due allowance for inflated dollars. Most people today, including the New Deal's "forgotten man," are somewhat better off in a material sense – they have more actual purchasing power than before. Tangible evidence includes cars, homes, washing machines, refrigerators – and better food inside the refrigerators.

Acknowledging such economic progress for the once "forgotten man," one nevertheless may ask: Is this *because* of the change we have made – because of the trend toward paternalistic government with huge subsidies and steeply progressive taxation – or *in spite of it*? And the answer seems clear to me that if we had pursued an opposite course, toward less government intervention and lower taxes, all of us – including the so-called common man – would be more prosperous than we are now.

Mr. Clark is President of The Pioneer Bank, Chattanooga, Tennessee.

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The Push Is Gone

I'm convinced that our prosperity of the past generation is largely the momentum generated by years of economic freedom. Though our heavy taxation and growing inflation discourage it, saving is still a deep-rooted American habit; and savings and capital investment have been enough to keep our economy running reasonably well so far. The point is that our progress could have been far greater had government been more limited, taxes lowered, inflation prevented, and capital investment encouraged.

That is why I contend that the whole idea of paternalistic government with its steeply progressive income tax has boomeranged. It has come to hurt the very people it was designed to help. We have become so engrossed with generalities about the merits of the Welfare State that we fail to see its burdensome impact on even those who were supposed to be its greatest beneficiaries. In short, the typical American is being "forgotten" all over again under a continuation of the New Deal designed to memorialize him.

The program initiated to take from the "rich" for the benefit of the "poor" has held saving and investment beneath its potential, thus making our economy less productive than it might have been. Meanwhile, the welfare program has grown beyond the capacity of the "rich" to sustain it. Increasingly, government has had to levy progressive income taxes against lower income groups. The simple fact is that half of the entire federal income tax is borne by people with incomes below $7,000. And unfortunately, under the concept of a welfare government, such a situation is inevitable.

A Regressive Income Tax

The progressive federal income tax is only one aspect of our present tax structure. Great numbers of our people – and especially millions of those in the lower income brackets – are subject to another kind of federal tax on incomes, the Social Security tax.

"Oh, no," some will argue. "Social Security payments are not a tax; they're premiums on an insurance policy."

According to the law, however, collections for Social Security are listed as a *tax*. It is known technically and legally as the "Social Security Tax." This, I understand, was done to give the Social Security program the appearance of constitutionality. The Constitution gives the government no authority to enter the insurance business and to force the citizens to pay premiums, but it does give authority to tax.

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Many persons believe that Social Security is a kind of compulsory insurance and that it operates by means of an adequate payment into an ample trust fund, productively invested. Neither of these suppositions is correct. A recent booklet of the Social Security Administration, designated as OASI 36-M, frankly admits that the trust fund amounting to $23 billion as of June 30, 1957, isn't adequate to cover the fund's accrued liabilities:

> The assets of the old-age and survivors insurance and the disability insurance trust funds are not intended to be equal in amount to the accrued obligations of the programs at any one time.
>
> A private insurance company needs reserves equal to its accrued obligations because it must face the possibility that it may not be able to continue to collect premiums in the future.
>
> The Federal programs, on the other hand, since they are compulsory under Federal law, can count on continuing participations in the programs and the continuing payment of contributions.

Mr. W. Rulon Williamson, a former actuary of the Social Security Administration, believes that his successor's estimate of "from $300 billion to $325 billion as plausible accrued liability" may be too low. Whatever the precise figure, which no one can determine with certainty, there can be no doubt that the present so-called trust fund of $23 billion fails by $277 billion or more to cover the accrued liability under the program.

Some Must Lose

It should be apparent that Social Security is not insurance in the true sense of the word since insurance contemplates that each age cohort jointly provides the funds for its own benefits. Actually, the use of the word "insurance" in connection with the program is fraudulently misleading.

Should private businessmen perpetrate such a cruel hoax on the people as politicians have done and are doing in the present Social Security program, they would promptly find themselves sojourning in Leavenworth or Atlanta.

It is easy enough to see why payments into the fund are inadequate to cover accrued obligations. Some persons have paid maximum Social Security taxes since their inception in 1937. In that case, the taxpayer would have paid a total of $837.00. His employer would have been compelled to pay the same amount – which could otherwise have been paid as wages to the employee – bringing the combined total to $1,674.

If that person had retired on January 1, 1957, having reached

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the age of 65, and if his wife had passed her 65th birthday, they would be eligible for retirement benefits of $162.80 a month. Thus, within a period of slightly more than ten months, that man and his wife would receive more in retirement benefits than they had paid in Social Security taxes over the twenty years since the program was initiated. But the life expectancy at the age of 65 is more than ten months – in fact, more than 14½ years for the husband and 18½ years for the wife. To fund an annuity producing the above payments through the expected life of each would require $16,807 for the husband and $9,667.00 for the wife. It is obvious to anyone that tax payments accumulating to a total of $1,674 cannot have earned in the past twenty years, and cannot in the future earn, sufficient interest to fund benefits amounting to $26,474. If this couple actually collects some $25,000 for which they have not paid, the implications are clear enough: other taxpayers will have been compelled to pay about $25,000, for which they are to get nothing.

Will Posterity Pay?

If there is a $300 billion accrued and largely unfunded liability in our Social Security system, where is the money coming from to pay the forgotten man's Social Security benefits? From one source only – from future taxpayers; in effect, from the workingman's children. What is this Seventh Heaven of dependence for us oldsters going to do to the younger taxpayers upon whom will fall the burden of supporting a prior generation?

Personally, I doubt that posterity should or will bear the major portion of the Social Security costs of prior generations – not in dollars of today's purchasing power. The cruel part is that individuals of the present generation, lulled by political promises of security, will make little if any attempt to provide for themselves through their own savings and effort. The heavy tax burden that is a necessary part of the Social Security program not only cuts into the "forgotten man's" spendable income, but also limits his ability to invest in industry or to start his own business and greatly discourages self-improvement and self-advancement.

And the repercussions of this discouragement, while difficult to pin down, are nevertheless real and far-reaching. We are impeding, limiting, and thwarting the hopes, aims, ambitions, and efforts of millions of Americans, and in the process, tremendously restricting the possible growth in our standard of living.

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Inflation Is Also a Tax

But, of course, open taxation is not the only means being used to support our immensely overextended government. Direct taxation might be called "the out-in-the-open" or "front door" method of revenue collection. But our government also has a more or less "secret" or "back door" method which takes the form of a highly questionable monetary policy.

Arbitrary increase in the money supply results in, or in itself might be termed, inflation. It simply means that more and more dollars are in circulation, but that each dollar is worth less. The result, apparent in our everyday experience, is a shrinking dollar bill. If we say the 1939 dollar was worth 100 cents, then the 1945 dollar was worth only 77 cents. By 1953 its buying power was a mere 52 cents, and today it is only about 50 cents.

Inflation is a complicated subject, and it has various causes; but in my view, one of the most important is overexpanded government – a political mechanism with such heavy operating expenses that direct taxation alone can't cover them; and so it turns to a fiscal policy which, in effect, involves printing money to pay its own bills.

Inflation deals its most lethal blow at the person with fixed or static income. This includes the handicapped or the aging worker, who, in the competitive labor market, is incapable of raising his dollar wages. It also includes the constantly enlarging group of older people no longer earning wages but living off fixed income from such sources as cash savings, annuities, or government bonds. Their income remains static, but under our present inflationary economy, its actual value in purchasing power tends to decline continually.

The Cure Lies in Freedom

The Welfare State, set up primarily to benefit "the forgotten man," has – almost inevitably – injured that man through the combined results of heavy taxation and mounting inflation. And it has hurt him not only in terms of loss of income but in loss of initiative and incentive – loss of the driving desire to push ahead and fulfill his potentials.

The condition obviously is bad. It needs a remedy. What is it?

Many will propose various "gadgets," temporary devices or maneuvers; but I contend there is only one real cure, only one way to eliminate the oppressive taxation and frightening inflation which now weigh so heavily on the average man's shoulders – and that is to bring the government back into bounds, to restrict

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it to its proper function of protecting life and property, and to give up the disastrous attempt to use government to benefit any particular economic group.

This will so reduce governmental expenditures that taxes can be lowered and made more equitable; and at the same time, it will eliminate a chief cause of inflation.

Our present overexpanded government with its progressive income tax and inflation, is hurting every segment of our society, and especially the so-called "forgotten man." The best way we can truly "remember" him, as well as every other citizen, is to work toward a minimum government guaranteeing to everyone a maximum of economic freedom. • • •

IDEAS ON LIBERTY

A Question of Means

"WOULD YOU LET THEM STARVE?" "Do you think people ought to live in slums?" "Would you let them die for want of medical care?" "Aren't all children entitled to an education?" "Shouldn't old people be comfortable after retirement?"

Those who believe that the State should do more for the people never tire of hurling the above questions at those who believe the powers and functions of government should be reduced and the area expanded in which free initiative and self-reliance may be exercised.

Let it be understood that it is precisely because the libertarian wants less hunger, better housing, better education, improved medical care, more comfort in retirement and a higher scale of living all the way round, that he advocates less government, sound money, self-reliance, observance of the moral law, and freedom in the market places.

Less suffering, abolition of poverty, better living, and improved opportunity for cultural and spiritual development is as much the goal of the libertarian as it is of the advocate of the Welfare State. How to reach the desired objective is the question that divides these two groups.

HOWARD E. KERSHNER, L.H.D. From a release of the Christian Freedom Foundation, October 28, 1957.

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LIFT NOT THY HANDS TO IT

LEONARD E. READ

IT IS SAID that the inspiration for the famous poem, *Kubla Khan*, came to Coleridge in a dream. Inspiration at this original level doesn't seem to figure in my own dreams, but for once, during sleep, a bit of old verse came to mind with astonishing clarity.

The *Rubaiyat of Omar Khayyam* has been in my library for a long time, but its pages haven't been opened for five or six years. Like most people of my generation I have read its rebellious and sometimes outrageously disrespectful lines with a sense of half-shocked enjoyment, but I have never troubled to commit the verses to memory. This made it all the more surprising when, in a dream the other night, one of the quatrains came to me with the accuracy of someone reading the words as writ:

And that inverted Bowl we call
The Sky
Whereunder crawling coop't we live
and die,
Lift not thy hands to It for help—
for It
Rolls impotently on as Thou or I.

The poetry faded only to be replaced by a clear suggestion that Omar's words be paraphrased to emphasize an important point of the libertarian philosophy.

Upon awakening, a rather dim view was taken of this fanciful poetic venture. Ordinarily, it would have been dismissed as another of those dream-ideas that seem so brilliantly wonderful until daylight exposes their emptiness.

However, with time to spare that same afternoon on a nonstop flight from New York to Los Angeles – and with pen and paper in hand – I toyed with the idea.

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Having no poetic inclinations at all, and knowing nothing of quatrain construction and the demands of meter and scansion, the best achieved was this:

And that agency — Force — we call
the State
Whereunder induced is less Love
than Hate,
Lift not thy hands to It for help,
for It
Bestows only from Its Compulsive
Take.

My friend, Ralph Bradford, is a poet; so the above was half jokingly explained to him in a letter and the question posed – what can *you* invent? His reply:

"... You have now given *me* something to worry over. Just about the hardest thing in the world of letters is to paraphrase good verse without parodying it. This we must not do, and to avoid it isn't easy!

"The quatrain in question (Number 72 in some versions, Number 52 in the one from which you took it) is rendered two or three different ways by Fitzgerald in his several editions – but I like the translation you quoted. To make it say what you want and still keep the form and meter will be difficult but not, I think, impossible. Your 'Compulsive Take' is a good phrase – but, unfortunately, 'take' is not a permissible rhyme with 'State' and 'Hate.'

"The only way I can manage a thing like this is to employ the same method I use in writing verse of my own – namely, write it over and over, trying out different rhymes until it 'jells.' In writing something original, I often abandon not only rhymes, but rhyme *schemes;* but in this case that can't be done. We are in the literary strait jacket imposed by the quatrains themselves."

He enclosed a number of quatrains which he called "the result of some experimenting." Here they are:

1.

And that Compulsive Force of which
you prate,
The ever-growing, ever-grasping
State,
It cannot give a penny it has not
Filched from your private pocket
soon or late.

2.

And would you lift your hands for
mercy's sake
To the Compulsive State, for it to
make
Your lot more easy? Then you ask
in vain —
It only gives that which it first must
take.

3.

And would you seek your labors to
abate
By asking succor from the Welfare
State?
It cannot give a dime it has not first
Taken from you, its appetite to sate.

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4.

And that enormous Agency we call
The State, whereunder men may
walk or crawl
(In freedom or dependence)—
it must take
Before it gives you anything at all!

5.

And are you then so weak and
self-forsaken
You turn for succor to the vast but
shaken
And barren branches of the State?
Beware!
It cannot give a thing it has not
taken!

Five ways of expressing the same idea, all within what Ralph Bradford calls the "literary strait jacket" of an Omar quatrain! To me his Number 5 reads best, but it's a matter of choice. Other libertarians undoubtedly have their own way of expressing this theme.

A book, an essay, a lecture, a quatrain, even a dream – *anything* that helps one realize the final futility of the State as a source of prosperity or succor – is all to the good. 'Tis a step toward freeing the individual from organized plunder. • • •

IDEAS ON LIBERTY

Private Enterprise

The Power to choose the work I do,
To grow and have the larger view,
To know and feel that I am free,
To stand erect, not bow the knee.
To be no chattel of the State,
To be the master of my fate,
To dare to risk, to lose, to win,
To make my own career begin,
To serve the world in my own way,
To gain in wisdom, day by day,
With hope and zest to climb, to rise,
I call that *Private Enterprise.*

HENRY B. BASS of Enid, Oklahoma, brought this verse to our attention, but doesn't know who wrote it. Perhaps it doesn't matter.

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ROBINSON CRUSOE *and Free Trade*

FREDERIC BASTIAT (1801-1850)

ROBINSON CRUSOE discovered that his island was suitable for both hunting and agriculture. So he and Friday soon developed a 12-hour work schedule that ensured them an adequate supply of food. But it is not generally known that they once had an opportunity to secure the same amount of food at a 25 per cent reduction in their labor – and turned it down!

As the fable goes, one day a canoe arrived from a foreign island. Since there was plenty of game but no agriculture on that island, the foreigner wanted to trade game for vegetables. He offered to supply Robinson and Friday with all the game they needed – and thus to cut six hours from their working day. In return, they were to give him two baskets of vegetables each day. This would increase the time they devoted to agriculture from six hours to nine hours. Thus the foreign trade would result in a net saving of three hours of labor each day for both Robinson and Friday. They walked away from the foreigner to discuss his offer in private.

It soon developed that Friday was in favor of the trade, and Crusoe was opposed. Their reasoning went somewhat as follows:

Robinson pointed out to Friday that if they accepted the foreigner's offer, their own hunting industry would thereby be ruined. In turn, Friday pointed out to Robinson that they would still have as much game to eat as they now had. True, they would have to work longer at agriculture, but they would still save three hours of labor on the total transaction.

Then Robinson argued that the three hours of saved labor was not a gain but a loss, since everybody knows that labor is wealth. Anyway, what would they do with those three hours?

Friday replied that they could use them to fish, or to improve their house, or to read, or merely to loaf. But Robinson was too firmly grounded in the labor

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theory of protectionism to be convinced. He honestly believed that labor itself (rather than the net product of that labor) is the measure of wealth.

Robinson then added that there were also political reasons for rejecting the offer of the perfidious foreigner. For example, the foreigner wouldn't make the offer unless he expected to gain from it. Friday agreed, but pointed out that they also would gain from the trade.

Next, Robinson explained to Friday that this trade would make them dependent on the foreigner. Again Friday agreed, but argued that the foreigner would likewise be dependent on them.

Then Robinson pointed out that the foreigner might learn to grow his own vegetables on his own island. If that happened, he would no longer bring game to them, and they might starve. Or, even worse, he might bring vegetables as well as game, and thus destroy *two* of their industries instead of merely one.

Friday was of the opinion that if the trade ceased altogether, they would be no worse off than now. And if the foreigner brought both game and vegetables, they would then have to produce something else to exchange with him.

But Robinson thought that Friday's arguments were impractical and based on mere theory. So, refusing to listen further, he returned to the foreigner, and spoke as follows:

"Stranger, before we accept your offer, we must be sure of two things. First, you must assure us that your island is not richer in game than is ours, for we wish to fight with *equal* weapons. Second, since in all exchange there is necessarily a winner and a loser, you must lose by the exchange. Now what do you say to that?"

"Nothing," said the foreigner. And laughing loudly, he regained his canoe and paddled away. ● ● ●

Translated and condensed by Dean Russell from *Selected Works of Frederic Bastiat*, Volume 1. Paris: Guillaumin, 1863. pp. 244-247.

The Open Door

THE REDEEMING FEATURE in opening our markets to free trade among the so-called "backward" countries of the world is that it would cost us nothing to do so. On net balance, we would gain as much as they. Here is an opportunity to demonstrate to the world that when we glibly talk "free enterprise" we talk it with conviction — not with restriction.

W. M. CURTISS, *The Tariff Idea*

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A FARM LEADER Speaks

3 editorials from THE NATION'S AGRICULTURE

September, October, November, 1957

CHARLES B. SHUMAN
President, American Farm Bureau Federation

No. 1 ...AND THE TRUTH SHALL MAKE YOU FREE

FROM THE BEGINNING men have come to know that God's laws must be obeyed if we are to live in harmony with His Universe. Human progress may be measured by the improvement in our capacity to recognize the truth, which is God's will, and to use effectively and wisely the resources and blessings which He has given.

We have made wonderful advances in agricultural productivity as we have discovered the laws of nature and applied knowledge and truth to farm operation. The truth of moral laws is not disputed but their acceptance comes more slowly, and we pay a terrible price in human misery when they are ignored.

Another area of truth that is an essential part of God's plan is the economic laws that govern our efforts to earn a living. Disregard of a few simple economic truths has caused much of the present disparity in farm income. What is economic truth?

People will work for those things they want but will offer little or nothing for items that they no longer desire. Price is the best known means by which consumers advise producers of the kind and quantity of goods they wish.

The nearly 8 billion dollar supply of unwanted farm products in government storage bins is a costly and deteriorating monument to the failure of a government pricing program that ignores the desires of consumers. We farmers may once again share in the current level of general prosperity if we will produce the things people want.

Another truth often overlooked is that economic laws cannot be successfully replaced by political laws. Legislation only delays or

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temporarily modifies the effect of economic forces. Many members of Congress thought that they had repealed the law of supply and demand by fixing the prices of cotton, wheat, and corn at a high level. However, farmers responded to the fictitious prices by producing more from fewer acres and also added to the woes of other farmers with competing production from their diverted acres.

Consumers turned to lower priced substitutes or reduced their purchases. Low prices stimulate demand and discourage production—high prices reduce consumption and encourage increased production.

Where are those prophets of doom who predicted that $12.00 hogs would result in increased production and lower prices? Would the price of hogs have gone above $16.00 per hundredweight if a government support price had been set at that level?

A third truth that most folks would rather disregard is that change is certain. No amount of promotion, advertising, speechmaking, or emotional appeal could have prevented the replacement of horses by tractors.

Human desires are constantly shifting, and farmers will be more prosperous when they facilitate rather than retard needed changes. Economic forces which cause farmers to alter their production patterns or seek new sources of income may seem cruel. In reality, the greatest suffering usually results from political action that delays the necessary adjustments.

The price and income troubles of agriculture are the direct result of our experiments with a socialistic, government-directed farm economy.

It is becoming increasingly apparent that government pricing and control in agriculture not only is a failure but that it threatens to replace individual freedom with a bureaucratic dictatorship. No, it is not too late—the free choice economic system that helped make this nation the envy of the world can be restored in agriculture.

"... *and the truth shall make you free.*"

No. 2 I'VE HAD ENOUGH SOCIALISM

SOCIALISM is more than a nasty word. It is a system based on government ownership or control of property — especially land and capital investments. This limitation or denial of property rights is invariably accompanied by increased government restrictions

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on the freedom of individuals. The "superior" minds in the bureaucracy direct the planned economy through control of production and prices while the extremely high costs of government are reflected in tax rates that destroy incentives.

The extent to which we have unwittingly accepted socialism may be measured by the level of taxation. More than a third of our total national income is now taken to support government. Despite strong public reaction, the $72 billion budget was reduced very little by Congress. Thus, we continue to move toward the Welfare State.

Why should we resist this creeping disease?

Why do I say, "I've had enough socialism"?

First, socialism is a proven failure wherever and whenever it has been tried. It failed in ancient Rome; it brought starvation to the early American settlements of Jamestown and Plymouth Rock; it is failing miserably today in England and Russia.

Socialism fails because it costs so much to manage the economy that the high tax rates destroy the incentives to work and save. It fails because the decisions of a few political planners are more likely to be in error than the combined judgments of thousands of individuals bargaining in a free market for goods and services. It fails because political law cannot replace fundamental economic principles.

Second, socialism will inevitably lead to some type of communistic dictatorship. The proven failure of a socialistic scheme always brings proposals for further experiments in government management – never a return to free enterprise. Practically everyone recognizes that government farm crop price fixing is a costly failure, yet many members of Congress now propose to substitute a new panacea – compensatory payments. When all is said and done, the only difference between socialism and communism is the *degree* of state control over the individual. They are blood brothers.

The third reason for my statement, "I've had enough socialism," is that under the Marxist system productivity declines and the standard of living is lower than in a free choice capitalistic system. State capitalism appropriates the individual's earnings for investment in government enterprises. Pride of ownership and the desire to save are destroyed.

The abundance of the better things of life which we enjoy in this country is a result of the stimulation of human energy and initiative that comes when folks

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can keep a substantial part of their income for their own use. Socialism dries up the wellspring of progress – human energy released in response to incentives.

Fourth, socialism is an atheistic philosophy. It depends upon force rather than freedom of choice by individuals – in fact, it is economic slavery. It offers security but eliminates opportunity. It encourages individuals to shift responsibility from themselves to the State. In all ways, it tends to destroy self-reliance and promote moral deterioration. Christianity challenges individuals to give of their best. Socialism minimizes the dignity and importance of the individual while it glorifies the all powerful State.

Yes, I've had enough socialism.

No. 3 STRAWS IN THE WIND

WHICH WAY does the wind blow? An airport wind sock, a twisting whirlwind, drifting tumbleweeds – straws in the wind.

There are economic and political winds that determine the kind of government we will have in the future. No one can see the wind – few can see which way our nation is going. We are so involved in current issues that it is difficult to tell whether our free enterprise system will continue or whether it is in danger of being replaced by a socialist dictatorship. Fortunately, there are some straws in the wind by which we can measure the speed and direction we are moving.

In what ways do we move toward socialism?

There are five major areas of conflict between our successful free choice capitalism and the government-directed systems of Sweden, Russia, and other nations.

First, socialism is based on government ownership or control of the capital and property used in production. For example, the advocates of state socialism favor all proposals for federal electric power projects, regardless of their merit. They use the tight money issue to boost sentiment for interest rates set by Congress, at such low levels as to discourage private saving and to force the substitution of government capital in major industries. Farmers have already accepted a considerable degree of bureaucratic control over the use of their property under the acreage quota programs. More, rather than fewer, controls are being proposed.

Second, socialism cannot tolerate a free market for goods and services. In fact, a price system

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which reflects changes in supply and demand is our greatest assurance of freedom. Wage and price controls, whether in war or peacetime, are a real threat to the free market. The Commodity Credit Corporation which holds $7 billion of crop surplus stocks and also markets a large portion of all farm products is rapidly replacing private and cooperative selling agencies. Compensatory payments for farmers and government price fixing in agriculture, business, and labor are, in reality, attacks on the price system.

A third area of government control over individuals that is necessary in a socialist dictatorship is limitation on the choice of an occupation. We are, as yet, relatively free to choose and change our work. However, the closed shop, long apprentice periods, unduly restrictive license requirements in several professions, and the proposed subsidies to induce inefficient farmers to stay in agriculture are straws in the wind that indicate danger ahead of us.

The fourth control of the socialist dictatorship over individuals is regulation and averaging of income. The theory of the socialist is that since all are born equal, all should remain equal regardless of ability or effort. This is accomplished by extremely high income taxes, constantly increasing social security payments, socialized medicine, increased minimum wages, and income payments to farmers to replace competitive prices.

A fifth measure of our drift toward socialism is the degree of substitution of federal government authority for state and local responsibility. Supreme Court decisions limiting states' rights, federal aid to schools and roads, federal housing, the $72 billion federal budget are all straws in the wind.

How much further down this road to socialism must we go before we heed the warning signs?

• • •

Under Guise of Taxation

I DO NOT BELIEVE that government should seek social legislation under the guise of taxation. If we are to adopt socialism, it should be presented to the people of the country as socialism, and not under the guise of a law to collect revenue.

CALVIN COOLIDGE

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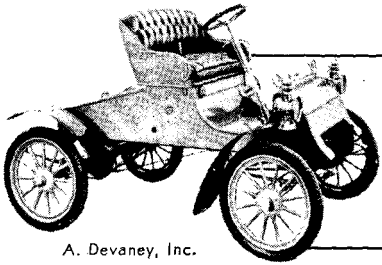

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Progress THROUGH Competition

HARRY M. LOVE

ABOUT 45 YEARS AGO, when he had more than a hundred competitors, Mr. Ford started integrating the processes in manufacturing automobiles. Through this "better way," he was able to give the mass consumer an opportunity to have a car. When this development began, a Chevrolet touring car sold for $2,100, and the top and windshield were extra. But in a few years Chevies were about one-third that price and Fords were less than $500. Thereafter, Mr. Ford's competitors dwindled to a half dozen or so. Just think what this great innovation in the manufacture of autos did for the people in the United States!

There is another side to this story which would, by modern standards, provide the basis for government action.

Assembly line manufacturing brought cars out by the millions, sealing the fate of blacksmiths, horse breeders, buggy manufacturers, about one hundred of Mr. Ford's competitors, and a host of others. Those fellows were all forced out of business. Or, as some looking back now would see it, they were forced *into* business. A more grim side is that automobiles have served as a vehicle of death and taken more lives than all of the nation's wars. Again, looking back on this record of economic dislocation and human slaughter it would seem that, by modern standards, an enlightened people would have made a political issue of this potentially destructive device and rationed the right to produce automobiles.

It may be that the people of that "horse and buggy" era did not know any better. Or, it could be that they chose to accept the hazards of progress as being in their best interest. Or maybe they

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had enough foresight to be concerned about the best interest of their posterity. That's us. What might be our fate had they, by acceptable modern standards, made the other choice?

Butter vs. Oleo

Many years ago the dairy industry launched a seemingly innocent and just campaign to thwart the development of oleo. In the early stages government was not asked to give any direct support to dairying. It was just asked to help keep an "inferior" or cheap "imitation" product from being palmed off on supposedly innocent and unenlightened consumers. For quite a few years the dairy industry succeeded in "protecting" the consumers.

This protection for the consumers was later found to be a two-sided proposition. Alas, it developed that on the other side the dairy industry had been sheltered to the extent that its competitive vigor was withering. Of course, it felt mighty nice to sit over there in the shade and have less to worry about, but the temperature went up when the economic sun crossed the meridian line of "protection for consumer." The problems also became more numerous and were greatly intensified.

This seemingly innocent action on the part of the then leader in the race was a tragic mistake. He lost the lead in the race to supply consumers with a fat which was used generously and held in high esteem by all. Somehow the industry overlooked the fact that continuing to hold the price of its product at higher than the market level tended to place a premium on the efforts made by those developing the competing product. The would-be competitors tried harder to find ways to enter the market and finally hit pay dirt.

As would be expected in the free enterprise economy, the then budding oleo industry made great efforts to discover the secrets necessary for the development of a product which would win the race. As a result, oleo has been well ahead, as measured in pounds consumed per capita, for a number of years and still seems to be gaining ground. In fact, the figures show butter consumption to be at least one-half a lap behind, and time is running out.

However, it is always interesting to speculate in a situation of this kind as to what might have been the outcome in the butter-oleo skirmish if the dairy industry had chosen to apply its resources to find ways to outdo oleo through a more liberal application of progressive action. As of now, "the fat is in the fire" and the race is rather one-sided. Meanwhile, the

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dairy industry has asked for and gotten more direct government intervention in its affairs. This was a logical step since anything that tends to deplete the economic vigor of a group or of an individual—firm, farm, or other—may be expected to lessen its ability to stand without government assistance. The moral to this story might be that it is good business to keep on your toes in your industry at least to the extent of being sure that if a substitute product is to be found, you will find it.

The Pinch of Competition

These developments are, of course, not by any means limited to agricultural endeavor. A few months ago there appeared on the market a writing paper which is sold under the trademark of NCR. For all practical purposes this appears to be just plain ordinary paper of the usual kind. However, some enterprising individual has discovered that by applying a chemical, copy may be carried through on as many as eight sheets at a time. The NCR means *No Carbon Required.* How would you like to be in the carbon paper business? It's never safe to underestimate the resourcefulness of other businessmen who are in the game for keeps. They will come up with the unexpected at the most inconvenient times. There are also others who will help to market the better or cheaper product. When these conditions develop, how long will it be before the fellows who are being pinched request government price supports to save their industry? Shifts of this kind are made one step at a time. Socialism is a gradual process.

The essence of the matter is that:

1. Freedom and science will bring rapid growth and change.
2. Progress – the fruits of rapid growth and change – flourishes among the thorns of risk and insecurity.
3. Those who would exchange freedom for security deserve neither and will lose both.

Limited Government: Unlimited Opportunity

HISTORY SHOWS that great general prosperity occurs only where something approaching a free economy has been reached, and that prosperity always diminishes as government economic regulation increases. A free economy alone offers unlimited opportunity to all.

THOMAS H. BARBER, *Where We Are At*

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gumption he became a recognized leader in the neighborhood.

Uncle John and his wife, believing as they did in large families, soon had a houseful of children. Almost before he realized it (so fast went the years) his sons and daughters were grown and married, and grandchildren began to appear. His inlaws, as well as others who were not kinfolk, were attracted to the neighborhood because of the way it was run. Under Uncle John's leadership the lands were well-fenced and tended, predatory animals had been disposed of, and there was little crime or violence. It was looked upon as a "good neighborhood." Thus the protecting shadow of a man lengthened over a community that was grateful for his leadership.

BEING FAR from the older and established settlements, the people of Uncle John's community devised their own money, and by common consent – or rather, by general demand – Uncle John became the controller of this currency and banker for the entire settlement. As long as he carried out these functions on the simple lines of keeping solvent, all went well.

In these early years, due to his strong convictions on the subject of economy, Uncle John aimed to keep community expenses at such a level that not more than 5 per cent of the total earnings of all the people would be required to finance those expenses. This left everybody considerable surplus above what it cost to live; and presently this surplus began to be invested in various enterprises – a grist mill, the expansion of the blacksmith shop into a general metal working establishment, a sawmill and planing mill combined, a knitting mill, and the like. Most of these ventures prospered under good management, yielding a good return to investors and furnishing profitable employment to others.

Uncle John was a leading spirit as well as a foremost investor in all such developments; with the result that by the time his rather scraggly beard was gray, he was not only rich in worldly possessions but was much respected for his achievements, his probity, and his qualities of leadership.

BUT AFTER a time trouble began. The people of his settlement got into a fight with some other settlers across the mountains. Before it was ended, the combatants, in addition to killing and wounding one another, had destroyed a lot of each other's property. This, together with the guns, ammunition, and other supplies necessary to

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the conflict, cost Uncle John and his people a great deal of money.

Never having experienced the need for such an outlay for non-productive purposes, Uncle John was worried. He could hardly tax the people enough to pay expenses of the fight as it went along, so he reluctantly resorted to what he had always referred to as "going into debt." One of his nephews had a nicer name for it: "deficit financing." What they did was to sell bonds – promises to pay at a future date – to all the people, who were assured that the bonds were a good investment because the honor and credit of the whole community were behind them.

ON THE STRENGTH of the credit thus created Uncle John printed up a lot of new money and put it into circulation. This led presently to much reckless spending and foolish investment. Then, after the fight was ended and things settled down to normal, there was a general slowing down, an inevitable tightening of credit – and pretty soon Uncle John and his people were in the middle of what they called a "panic." Some people lost all or part of their money; some of the shops and mills closed down for want of business; employment became scarce; and the community was in a bad way, with people out of jobs, interest on hastily-given mortgages falling due, and the cost of daily living to meet.

Uncle John and his family and friends helped one another. People went out of their way to furnish some kind of work for those who needed it. Committees were formed, funds were raised and distributed, various plans were adopted. It was a fine example of man's humanity to man. The trouble began to ease a bit.

THEN ONE of the nephews, who held what he called "advanced" ideas on many things, told Uncle John that all such industrial and economic problems were not fit matters for private and individual benevolence, but were the responsibility of the community as a whole. He finally convinced Uncle John that money should be taken out of the community treasury to help those in trouble. Some of it was given outright. Some was spent on projects like making a park, piling up trash, or building a dam, in order to furnish jobs. A great deal was also spent to pay the people who were hired to administer the program.

It wasn't long before the community began to accept responsibility for the economic welfare of various groups – such as the farmers, and the laborers, and the industrialists, and the small busi-

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nessmen, and the young people, and the old people. The nephew said this arrangement would promote the general welfare!

IN TIME further complications arose. Some people in distant settlements started fighting among themselves. Uncle John had resolved long ago to keep out of all such quarrels, but at last, one of the belligerents attacked and sank some of Uncle John's river boats – and then the fat was in the fire.

A long and bitter fight ensued. So many people got mixed up in it that it was hard to know who were friends and who were enemies. A number of Uncle John's grandsons were killed and wounded, and this grieved him greatly. Also, what with buying weapons and supplies for the men who were fighting, paying for their keep and transportation, paying pensions to their wives and families when they were killed or wounded – and especially what with making loans and gifts to the neighbors who were fighting on his side, Uncle John and his people emerged from the fight more deeply in debt than ever before.

On top of all this, some of the people who had fought on Uncle John's side now turned against him and were bitterly critical and hostile. Moreover, some of the people he had helped defeat now demanded financial aid from him – or threatened anarchy. They said enemies within were secretly undermining the structure of their societies – and what was Uncle John going to do about it? His first impulse was to tell them to go jump in the river, but he was assured by some of his most forward-looking nephews that this would never do. So, he began to hand out money to his late enemies.

This increased the debt to such fantastic proportions that Uncle John finally called a meeting to discuss the problem. Most members of the community were very much concerned although there were a few, strangely enough, who contended that the debt was a good thing for the community and ought never to be paid! But even among those who believed it ought to be paid off or reduced, hardly anybody was willing to stop expenditures already agreed to; and before the meeting was over, many of them advanced proposals to spend still more on new projects. So instead of paying off the debt, they had to borrow more money – that is, sell more bonds – to take care of their current operating expenses.

AS FOR Uncle John, he seemed to grow confused. He was now so deeply in debt, forced to pay into the community treasury such a

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large portion of his personal income, and beset by such constant and clamorous demands for more and more deficit spending and the accumulation of more and more debt, that he seemed to lose touch with reality.

He did understand that when he borrowed he created credit, and that the credit itself became the basis for the creation of still more debt through more borrowing, all tending to dilute the purchasing power of their money. He saw the results of this process in the slow but inexorable rise in the cost of things. But his will seemed paralyzed. He just wasn't able to do anything about it. His only solution was to borrow more, create more credit, and issue more money.

AND THEN something very special and tragic happened.

One evening as Uncle John sat smoking in the library of his fine old home, he noticed that the shelving in one corner seemed to be out of line. Incredibly, it sagged – and even as he watched, it sagged still more. He jumped from his chair and hurried to the corner to see what was wrong; and as he did so, to his amazement the floor itself sagged under his feet. That whole corner of the house just seemed to slump down. He was puzzled and alarmed. He knew that the sills were supported by heavy walls of stone laid up in mortar. Surely those ageless foundations could not have weakened!

He went outside for a look. The weatherboards were intact, but the corner of the house seemed to be slacked down, as though it were tired. He quickly got a hammer and wrecking bar from his tool shed. He pried off a board – or rather, he started to; but when he forced the bar under the board, the paint suddenly fell off in large flakes, and the board itself simply disintegrated into a collapsed mass of fibrous dust, much as a mummy does, once the wrappings are removed.

As he stood wondering, a little insect appeared amid the dusty debris. Stooping to pick it up, Uncle John discovered that the wreckage was fairly crawling with small, whitish, ant-like creatures. He tore away more boards and exposed the sturdy stone foundation. The stones were netted with slender tubular structures made of dried mud – and he saw that the insects were apparently using these tubes as highways from the ground to the woodwork above.

FURTHER investigation convinced him that the miserable insects were themselves the cause of the trouble. Tiny and apparently help-

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less, they were literally eating his house down!

In the days that followed he experimented with ways to stop their depredations. Finally he found that if he treated the wood with certain chemicals, and especially if he inserted a thin strip of durable metal between the stone foundation and the sills, letting the edges project an inch or two, the destroyers could not or would not build their deadly tunnels over the edge of the metal. And so at great cost of labor and money he equipped the house, as far as it was physically possible to do so, with the necessary fenders.

BUT HE WAS SHAKEN by the experience. It gave him a sense of frightened helplessness to reflect that a man of his size and strength and a house of such dignity and proportions should be at the mercy of a horde of insects, working in the dark, protected from the revealing daylight by a screen of mud.

One day his second son came to him in great agitation: the devouring insects were at work in his house also!

Obviously something had to be done at once. But the young man said he simply couldn't afford the money to jack the house up, replace the damaged sills, and insert the shields. Uncle John was surprised at that. He had set the boy up handsomely when he was married, and the young fellow had been prospering at his occupation. He should have saved a comfortable sum by this time. Of course, living costs were high, and there were those heavy taxes. . . .

However, the main thing was to stop the marauders before they destroyed the house, so Uncle John agreed to advance the money. The boy's house must be saved — and besides, if something were not done quickly, the insects might spread to other houses. They might even get into his own house again!

That was the fear that had been eating away at Uncle John's peace of mind. Sometimes in the middle of the night he would awake in a cold sweat, having dreamed that all the houses in the community, including his own, had been destroyed.

AND THEN ONE DAY a man from down the valley came to see him. The man seemed agitated, but there was also a hint of calculation in his manner.

"It's the bugs, John," he announced bluntly. "They've got to my place."

Uncle John expressed his sympathy, and began to suggest the measures that should be taken. But the neighbor interrupted.

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"I know all that," he said, "but the trouble is, I haven't got the money to do the job. So I came to see you about a loan – or a grant."

A grant? Uncle John's eyebrows went up. He knew the man had been going through some hard times, but he was by no means bankrupt. Also, he was able-bodied and could work. Uncle John knew that when he said "grant" he meant "gift." Surely a man in his position could manage –

As if reading Uncle John's thoughts, the neighbor shrugged. "All right," he said, ominously, "but if they eat my house down and spread into your settlement, don't blame me."

More insects in his settlement! That was what Uncle John had come to fear above everything else. So he hastily "granted" the man the money – and within a week two other men, who lived so far up the river that he scarcely knew them, were on his doorstep.

"The bugs, John! We've got to have help. If they eat us out, pretty soon they'll be after you, and –"

By this time his normal caution had forsaken him. He knew about these men from of old, though he hardly knew them personally. One of them, indeed, had openly sided with his enemies in the recent fighting. The other had always been shiftless and undependable. But – the bugs! Uncle John hurried to get the money for them.

By this time he was looking for neither accounting nor accountability, having become completely obsessed by fear of "the bugs." And so his next step was easy and inevitable, considering his state of mind: He made a speech at the schoolhouse, announcing that anybody up and down the valley, or in the remote settlements across the ridge, who was in need of money to fix up his place as a precautionary measure against possible termite invasion, had only to apply to him and the necessary funds would be forthcoming!

IN A SHORT TIME Uncle John was so busy passing out money that he could do little else. And, of course, he had to hire a large number of people to help handle this new activity, which added to its cost.

He lacked not only the time but also the inclination to figure out what was happening to the value of the money he was dispensing so lavishly. Over a period of years it lost in purchasing power at the rate of about 3 per cent a year. One day he awoke to the startling fact that his money would actually buy less than half what it had bought just a few years previously. Then he looked at the size of the

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Quo Vadis?

E. F. HUTTON

IF the Founder of the Christian religion had traveled on a space ship to the moon and back, would the Sermon on the Mount be any better than it is?

If Abraham Lincoln had built a hydrogen bomb that won the Civil War in one week, would the Gettysburg Address have been improved?

If Thomas A. Edison had invented a world satellite instead of the electric light bulb, would mankind be better off?

Or would these and all other great men and women have been so bedazzled by the glitter of scientific and material progress that they could not sense man's hunger for enough to eat and a little time of peace to love and dream during life's brief span?

Where is this mad race for power and prestige to end?

Now we have the intercontinental ballistic missile costing billions. Then will come the missile to intercept the missile, and the missile to intercept the interceptor – costing trillions.

And with them the cold contemplation of using them on millions of women, children, and the aged in war more stark and brutal than jungle tigers.

Our attitude toward war and death and brutality is being changed by the merciless instruments for killing we invent.

Can such an atmosphere produce a better Sermon on the Mount, improve the Gettysburg Address, create better plays than Shakespeare's, better paintings than Titian's, or better men? • • •

Mr. Hutton is the well-known industrialist, investment banker, and author of the column, "Think It Through."

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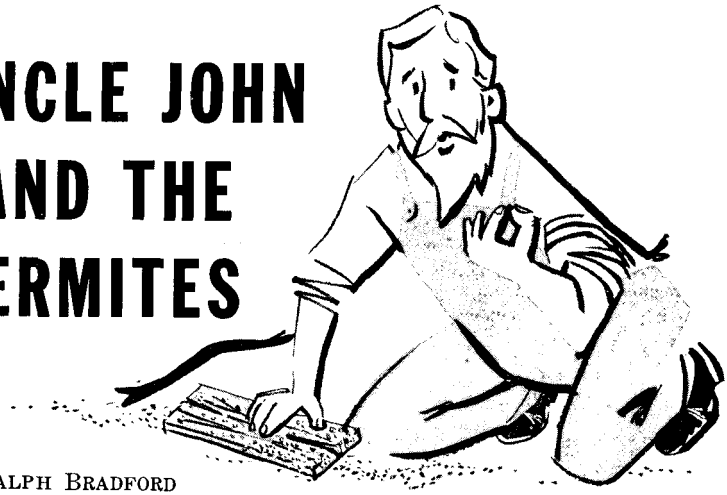
UNCLE JOHN AND THE TERMITES



RALPH BRADFORD

MY UNCLE JOHN was tall, thin, and muscular; and he had a notable beard that tapered to a ragged point well below his collar button. His bushy, iron-gray hair was . . .

However, this is not about how he looked, but what he did and what happened to him; for until tragedy overtook him, he achieved a remarkable career as a pioneer empire builder and accomplished things worthy to be remembered.

He came of an old and well-to-do family and might have lived out his life in comfortable surroundings had it not been for his adventurous spirit. He was hardly man-grown when he left the old home and made his way out to the far frontier where he used his savings to purchase some land.

During those early frontier days he saw some pretty rough times. Trees were to be felled and cut into rails, logs, and lumber. Land had to be cleared and fenced and tilled. He was far from great markets; but he had chosen well his location, along a clear, rushing stream that would furnish water power, and that led up a rich valley to a mountain pass with growing settlements on the other side.

As time went on, he bought more land and developed it; and he helped his neighbors in building roads and opening up new territory beyond. He was active also in the affairs of the community that grew up about his original clearing. By his energy and skill he gradually became the foremost farmer in the valley, and by his cooperative spirit and native

Mr. Bradford is a well-known writer and business organization consultant.

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debt he had been building up, and he was staggered at the huge amount of it. He began to hear from certain members of his family on that score, too. They made loud outcries against what they called the extravagance of running the community. They made sharp demands for a reduction of expenditures, and for some payment on the gigantic and ruinous debt. But it was in vain. Too many other voices were clamoring for more, more!

AS FOR Uncle John, he seemed to have become obsessed with the mere spending of money. Even in such vital matters as the defense of the community, he no longer said, "We have so many men under arms," or "We have such-and-such gunboats," or "We have a certain number of cannons." Instead, he had fallen into the habit of saying, "We have spent this-and-that amount of money on defense."

And his strange and indiscriminating fear of the termites continued. In this he made a fatal error – namely, he assumed that all the destroyers were alike, and that all were the same pale whitish color of those he had first discovered. Actually, there were many other kinds. The whites, indeed, were a minority and were not even native to his settlement, having come into his valley in relatively small numbers from distant lands.

And while he was worrying about the depredations of that particular kind of "bug," and spending his money to protect the houses of his neighbors from invasion by the whites, other termites, native to his area, without his being aware of it, had found unprotected spots and were silently at work on the destruction of his own house.

It almost seemed as though they were also eating away at something vital in Uncle John himself.

His former independence of spirit had given place to an attitude of placation, appeasement, and favor-seeking. Whereas he formerly made friends by the simple process of being fair and just, he now went about almost cringingly trying to purchase friendship with gifts of money – thereby losing respect and earning only contempt.

HIS SENSE of pride and self-sufficiency were also dulled. Once he had hated debt and insolvency; now he lacked the moral courage to deny himself and his family a few luxuries so that he could put his financial house in order.

Once he had taken pride in paying his bills promptly and fully; now he was in debt over the ears

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of his great grandchildren – and he didn't care!

Once he had proudly told a bully that he would spend all he had for defense but wouldn't pay a cent for tribute; now he was voluntarily, needlessly, and often fruitlessly offering a kind of tribute to any who would accept it – and he was being laughed at for his stupidity.

Yes, it was as though the blind and ruthless little destroyers that were stealthily cutting away at the timbers of his house had each a ghostlike, invisible counterpart that was inwardly devouring the substance of his moral fiber.

IT TOOK the sudden and final collapse of his great old mansion into a heap of dusty rubble to make him realize that an even greater destruction had occurred within himself.

But then it was too late. • • •

IDEAS ON LIBERTY

Trembling in the Balance

THE VERY FINEST THING which the world's civilization has ever reached is this wonderful sphere in these United States of America of free social cooperation for the advancement of education, religion and morality, the care of the sick and needy, the spread of neighborly kindness and helpfulness, and for the upbuilding, thereby, of enlightened character, which dispenses with paternalism in government and makes democracy safe for our own Country. Without this we could never have attained and maintained that system of limited government and individual liberty which has made us a great and happy and relatively contented people. As we have seen, this great system has received shock after shock since we started out upon that path of conquest in 1898, which veered in the direction of imperialism. It would be a very moderate statement to say that it is now trembling in the balance. It would be nearer the mark to suggest, at least, that it is anxiously awaiting what may be its death blow.

JOHN W. BURGESS, *Recent Changes In American Constitutional Theory*, 1923

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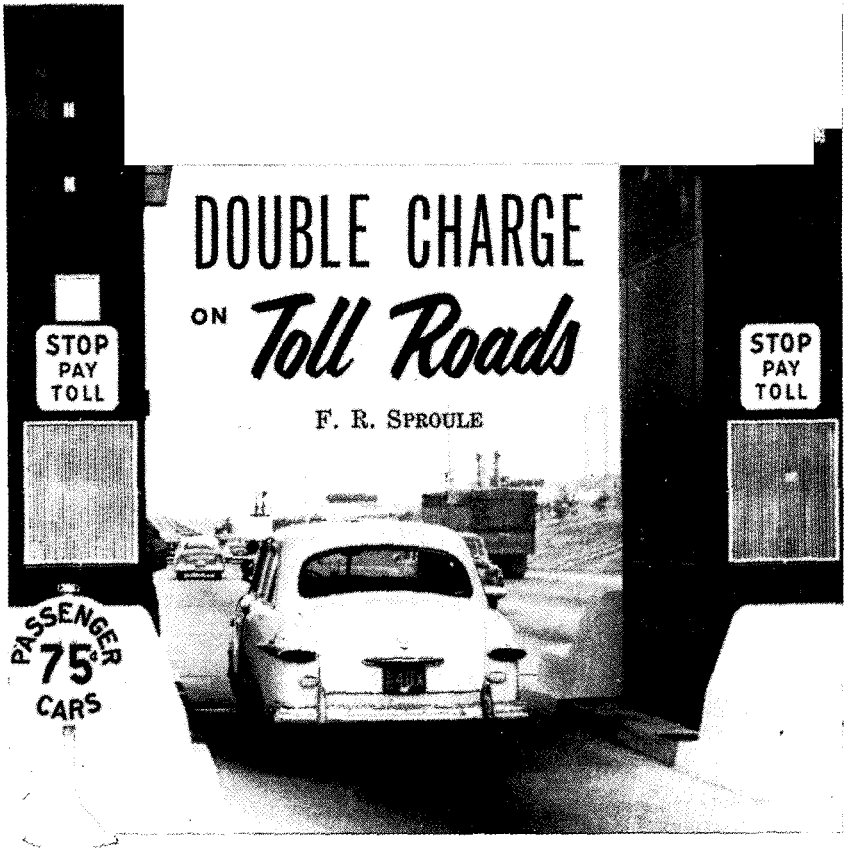
DOUBLE CHARGE ON *Toll Roads*

F. R. SPROULE



A. Devaney Inc.

SUPPOSE you drove up to a turnpike pay booth and were told: "The toll is $3.00 for this road plus $2.00 for the same trip if you had used the state highway." You might well reply: "What are you talking about? I'm not going to pay two tolls to travel one road!" Yet you do pay twice every time you set wheel on a toll road.

We have two separate unrelated highway systems in the United States, the toll roads and the tax roads. The toll roads subsist on revenue collected at their own toll booths. They were built with money obtained from sale of bonds to private investors. They get no tax money. The tolls pay off the bonds and provide for upkeep.

The tax roads – federal, state, county, township, and city – are built and maintained for the most part with revenue from highway-user taxes, chiefly the gas tax, which averages 8¾ cents per

Mr. Sproule is a businessman who studies government and ethics in his spare time. He has written several articles for national magazines.

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gallon of gasoline. You pay at the filling station, and of course there are no tolls.

This being the case, it is clear that when traveling a tax road you should pay only the tax, and when on the toll road, only the toll. On the tax road system this holds true. But on the toll road you pay both toll and tax. It's as if you paid only plane fare on the plane, but plane and rail fares both when riding the train. Obviously the trains would be limited to special routes where people were willing to pay twice for one trip.

The Highway-User Tax

As the name "highway-user tax" implies, the gas tax is supposed to be levied only on users of the tax-supported highway system. For example, the farmer is refunded all tax he pays on gasoline used in his tractor. It is recognized that he should not pay the tax, since he is using this gasoline for purposes other than travel on the roads for which the tax is levied.

By the same token we should get a refund of gas tax on gasoline we use on a toll road. We, too, are using this gasoline for purposes other than travel on the roads for which the tax is levied. There is no reason why we should pay both toll and tax to travel a toll-supported road any more than we should pay both for the use of a tax-supported road.

Alternative Procedures

There are several ways by which the unfair "Second Tax" could be removed. Gasoline at toll road service stations could be sold tax-free; or, the toll road traveler could present receipts for tolls paid and be given a refund as in the case of the farmer and his tractor fuel (the receipt indicates mileage, from which the amount of gasoline used – and thus the tax paid – can be calculated as a check.)* Probably the most practical, most cheat-proof, and least cumbersome method would be to make gas tax refunds payable to the toll roads so that the customer would get his refund in the form of a toll reduction. This would be administratively simple because the toll roads keep accurate records of mileages traveled by each type of vehicle. The average mileage obtained per gallon of gasoline for each type vehicle is known. The rest is simple arithmetic.

Under the toll road arrangements in nearly all cases, the proposed gas tax refund would automatically be returned to the vehicle owner as a toll reduction be-

*This method is now used on the Massachusetts Turnpike with respect to the state tax.

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cause the toll road agency exists only to pay off the bonds and provide necessary highway maintenance.

Remove the Road Blocks

A common question among victims of the great traffic jam is: "Why don't they build more toll roads?" The answer is that double taxation makes it uneconomical. Only in a few very favorable locations is there the prospect of enough customers who would find it worth-while to pay both toll and tax. Removing the tax, by refunding it, would set the toll roads free and probably result in the immediate construction of many new miles of toll superhighway. They get none of the tax anyway, and their customers would be relieved of an unfair burden. Traffic would flock to the toll roads, raising income and allowing lower toll rates in a beneficial circle of cause and effect.

At present the average extra charge for use of a toll road is 1½ cents per mile for automobiles, while the "free" road motorist pays only the equivalent of about ¾ cents per mile in taxes and fees. However, estimates used to predict costs of the big highway construction program now getting started are recognized as much too low. In the near future the federal and state governments are going to be faced with three choices: raise highway-user taxes; borrow; or do without some of the needed roads, or at least delay them still further – already the original 10-year borrowed-money plan has given way to a pay-as-you-go program that will take 16 to 20 years for completion. It is conceivable that under the refunding plan herein outlined and the impending rise in highway-user taxes, the cost of using toll roads might be no greater than the cost of using tax roads. In other words, the tax refund might be sufficient to cover the toll charge.

Private enterprise has taken several close looks at the toll road business but always backed out, basically because of the double taxation handicap – that is, not enough traffic at reasonable toll rates could be foreseen. Under the gas tax rebate plan, investors might get into the highway picture with both feet – not merely as purchasers of bonds, but as builders and operators of toll roads. New and cheaper pavements, more efficient toll collection methods, separate lanes or roads for trucks, and streamlined maintenance are among the possibilities, should the ingenuity and energy of the entrepreneur be injected into the business of providing the arteries that carry the life-blood of our motorized society.

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Alternatives

An alternative to giving toll roads new life is a policy widely favored in Washington calling for the federal and state governments to pay off toll road bonds and turn these highways into "freeways." This would divert large sums of tax money away from construction and maintenance of the "free" system, which is already staggering along without sufficient revenue.

The federal and state governments might well consider eliminating gas tax paid for toll road travel, leaving only the toll, and allowing toll roads to be built wherever practicable as parts of the new interstate superhighway system. Then their hard-pressed engineers could concentrate on the remaining great mileage of primary, secondary, and feeder roads, which it seems will be task enough in view of mounting difficulties and rising costs. Such a policy would provide needed highways sooner, in response to the growing demands of a growing population.

IDEAS ON LIBERTY

Free the Railroads

THE GOVERNMENT has proceeded to subsidize and is continuing to subsidize all of the railways' competition. Taxes build highways, pay for barge lines, provide airline terminals, and underwrite many of the costs incurred therein. But the railways are taxed mightily in their real estate holdings and additionally are governed by federal and state laws to such a point that they are compelled to maintain losing lines, pay for unnecessary stations and station personnel, and are prevented by law from streamlining their own operations and competing on an equal basis with their own competition.

This is the story in a nut-shell. What needs doing, of course, is the freeing of the railroads both from silly and featherbedded union contracts, and from government regulation and control. What we are fearful of, is that the railroads, instead of standing pat on this point, will demand their share of tax money in maintaining their industry, and in the end become nothing more than a sustained and expanding burden on the taxpayer.

The railroads are in trouble. But if they want to get out of their malaise permanently, they are going to have to stand up free and strong and refuse to go along with tax support.

From an editorial in the Colorado Springs *Gazette Telegraph*, November 12, 1957.

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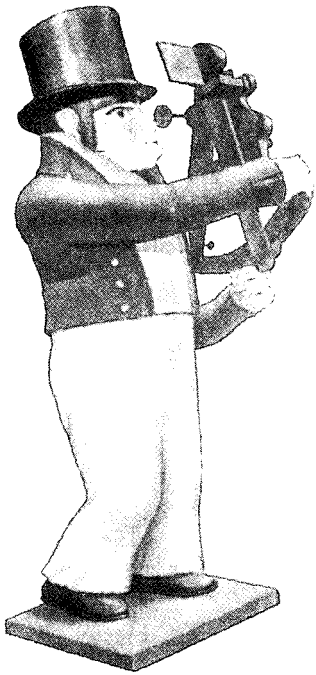

National Gallery of Art
Index of American Design

A noted poet and public representative of Europe turns his talent to the greatest challenge of all —

Freedom of Mind

PAUL VALERY (1871-1945)

WHAT IS the composition of this capital we call *Culture* or *Civilization*? It is primarily constituted of *things*, material objects, books, pictures, instruments, and so on, which have their probable duration, their fragility, their precariousness as things. But this material stock is not enough, any more than a gold ingot, an acre of good land, a machine are capital if there are not *men who need them and know how to use them.*

Note these two conditions. In order for the material of culture to be capital, it also demands the existence of men who require and can use it, that is to say men who have a thirst for knowledge and for the power of internal transformations, a thirst for the development of their sensibility, and who, on the other hand, know how to acquire or exercise the necessary habits of intellectual discipline, those conventions and practices which are needed in order to utilize the treasure of documents and instruments that have accumulated over the centuries.

The capital of our culture is in peril. It is in peril in various aspects and ways. It is brutally and insidiously threatened. It is attacked by more than one enemy. It is dissipated, neglected, disgraced by us all. The progress of this disintegration is plain.

The whole of modern life con-

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stitutes, often under the most brilliant and attractive appearances, a veritable sickness of culture, since it subordinates this wealth, which must accumulate like natural wealth – this capital which must shape itself by successive layers in the minds of men. It submits this to the general agitation of the world, which is propagated and developed by the exaggeration of every means of communication. At such a rate of activity, overrapid exchanges become a fever and life devours itself.

Perpetual shocks, novelties, news, and essential instability become a genuine need, a nervousness which is generalized by all the means that mind itself has created. One can say that suicide is implicit in the ardent and superficial form of existence of the civilized world.

The Independent Thinker

How can one conceive of the future of culture if one's age allows one to compare what it used to be with what it is becoming? Here is a simple fact which I offer to your reflections in the same way as it imposed itself upon my own.

I have watched the progressive disappearance of beings who were extremely valuable to the steady formation of our ideal capital, and as precious as creators themselves. I have seen disappear one after the other those connoisseurs, those inestimable amateurs who, though they created no works of their own, created their true value; they were passionate but incorruptible judges for whom or against whom it was exhilarating to work. They knew how to read, a virtue which has become extinct. They knew how to hear and even listen. They knew how to see. That is to say that what they insisted on rereading, rehearing, reseeing, was by this repetition made into a *solid value.* They thus increased our universal capital.

I am not saying they are all dead or that no more will ever be born. But I observe their extreme scarcity with regret. Their profession was *to be themselves* and in complete independence to enjoy their own judgment which no publicity or article could affect.

The most disinterested and ardent intellectual and artistic life was the very motive of their existence.

There was not a show, not an exhibition, or a book to which they did not give scrupulous attention. They were sometimes described, and with some irony, as men of taste, but their kind has become so rare that the word itself is no longer taken as a gibe. That is in itself a considerable

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loss, for nothing is more precious to the creator than those who can appreciate his work and above all give to the painstakingness of his work, the *work-value* of his work, that valuation of which I was speaking a moment ago, that standard which, regardless of fashion and passing whims, could establish the authority of a work or a name.

Lack of Stability

Nowadays things move so fast that reputations are made and vanish overnight. Nothing stable is made, for nothing is made for stability.

How can you expect an artist, in spite of the apparent diffusion of art or its widespread teaching, not to feel all the futility of this age, the confusion of values that is taking place, the facility which it encourages?

If he gives all the time and care that he can to his work, he gives it with the feeling that something in that work will impose itself on the mind of his reader; he hopes people will reward him by a certain quality and duration of attention for some of the pains he gave himself to write a page.

Let us admit that we reward him very badly. It is not our fault, for we are deluged with books. Above all, we are besieged with reading matter of an immediate and vital interest. In the public newssheets there is such a variety, incoherence, and intensity of news, and particularly on certain days, that whatever time we can give to reading out of every twenty-four hours is entirely taken up by it and our minds are disturbed, agitated, or overstimulated.

The man who has a job, who earns his living and can give an hour a day to reading, whether at home or in the bus or the subway, has that hour devoured by crime, incoherent rubbish, monotonous gossip, and scraps of scandal, whose chaos and abundance seem calculated to bewilder and grossly simplify people's minds.

Such men are lost to books. This is fatal and there is nothing we can do about it.

The result of all this is a real decline of culture; and secondarily, a real diminution of veritable freedom of mind, for that freedom, on the contrary, requires detachment and the rejection of all the incoherent or violent sensations we receive from modern life at every moment of the day.

On Liberty

I just mentioned liberty. There is liberty in itself, and liberty of mind or minds.

All this takes me a little from my subject, but we must, nevertheless, give it some attention.

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Freedom is an enormous word, a word that has been liberally used in politics though it has been forbidden here and there in recent years; liberty has been an ideal and a myth; it has been a word rich in promises for some and full of threats for others; a word which has made men rise and tear up paving-stones; a word which was the rallying cry of those who seemed the weakest and who felt themselves to be the strongest, against those who seemed the strongest and did not feel themselves to be weakest.

This political freedom is hard to distinguish from notions of equality, of sovereignty, but is also hard to reconcile with the idea of order, and sometimes with the idea of justice.

Freedom of Thought

But that is not my subject.

I return to mind. When one examines all those political liberties a little closer, one is rapidly obliged to consider *freedom of thought.*

Freedom of thought is confused in people's minds with freedom to publish, which is not the same thing.

Nobody has ever been prevented from thinking whatever he liked. It would be difficult unless we had machines for detecting the thoughts in other people's brains. It will certainly be managed some day, but we have not quite reached that stage and we are not eager for such a discovery. Meanwhile, freedom to think exists to the extent that it is not restricted by thought itself.

It is very nice to have freedom to think, but one must also have something to think about.

But in most common usage, when people say *freedom of thought,* they mean *freedom to publish* or *freedom to teach.*

Such freedom gives rise to serious problems; it is always causing some difficulty, and the nation, the State, the Church, the school, or the family will at different times be found objecting to freedom of thought in publishing, in thinking publicly, or in teaching.

The above are so many powers which are all more or less jealous of the external manifestations of the thinking individual.

I do not intend to concern myself now with the root of the question. It is a matter of particular instances. It is certain that in some cases it is good for freedom of publication to be supervised or restricted.

But the problem becomes very difficult when it is a question of general measures. For instance, there is no doubt that during a war it is impossible to allow everything to be published. It is

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not only imprudent to permit news of the conduct of operations – everyone can understand that – but there are certain things which in the interests of public order could not be made known.

That is not all. Freedom to publish, which forms an essential part of the freedom of trade in things of the mind, finds itself today, in certain cases and in certain countries, severely restricted and even in fact suppressed.

The Political Sphere

You feel to what extent this is a burning question and that it is being asked almost *everywhere*. I mean wherever asking questions is still allowed. Personally, I am not very inclined to publishing my thoughts. One can easily refrain from publishing. Who obliges us to publish? . . . What demon? And what good does it do, after all? One can keep one's ideas. Why externalize them? They are just as beautiful in a drawer or in one's head. . . .

But all the same, there are some people who like to publish, who like to inculcate their ideas into other people, who think only in order to write, and who write in order to publish. Therefore, they venture into the political sphere. It is then that the conflict begins.

Politics, which is obliged to falsify all the values that mind has the mission of controlling, admits all falsifications or all the reticences which suit its purpose and are in agreement with it, and it violently rejects or suppresses those which are not.

Well, what is politics? Politics consists in the will to conquer and retain power; consequently, it demands an active constraint upon or maintenance of illusion in men's minds, which are the material of all power.

All power is necessarily concerned with preventing the publication of things which do not suit its own functioning. It does its best to that end. The political mind ends by being forced to falsify. It circulates intellectual counterfeits and falsified notions of history; it develops specious arguments, and in a word it allows itself whatever is necessary in order to preserve its authority, which, for some reason unknown to me, people call "moral."

Mutual Enemies

We must confess that at every step *politics and freedom of mind exclude each other*. The latter is *the essential enemy of parties*, as it is of any doctrine that possesses power.

That is why I wanted to insist on the shades of meaning which such expressions can assume in French.

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Freedom is a notion which appears in contradictory expressions, since we use it sometimes in the sense of doing what we want, and at others in the sense that we can do what we don't want, which according to some people is the very height of liberty.

This means that there are several beings in each of us, but that these several beings dispose of only one language, and it so happens that the same word (such as liberty) is used for very different requirements of expression. It is a word "of-all-work."

At one moment we are free because nothing opposes what arises within us and attracts us, and at another we find ourselves *free* in a superior way because we feel we are escaping from some seduction or temptation and are able to act against our inclinations: that is a maximum of liberty.

Liberty Is a Response

Let us examine this fluid notion, just a little, in its spontaneous usage. I immediately find that the idea of liberty is not *primary* within us; it is never evoked without being provoked; that is to say, it is always *a response.*

We never think we are free when nothing shows us we are not free or that we could not be so. The idea of liberty is a response to some sensation or hypothesis of impediment, hindrance, or resistance, which opposes itself either to some impulse in our being, or to some desire of the senses, or to a need, or else to the exercise of our considered will.

I am only free when I feel free, but I only feel free when I think I am being constrained, when I start imagining some state which contrasts with my present state.

Liberty is therefore not felt, nor conceived, nor desired, *save* by the effect of a *contrast.*

If my body finds obstacles to its natural movements or reflexes, if my thought is hindered in its operations either by some physical pain or by some obsession, or by the action of the external world, by noise, by excessive heat or cold, by the din or music from next door, I aspire to a change of condition, a deliverance or a liberty. I tend to regain the use of my faculties in their full range. I tend to reject the condition which prevents such use.

You will see, then, that there is an element of negation in the term "liberty" as soon as one looks for its original function, in the nascent state.

This is the conclusion I must draw. Since the need for liberty and the idea of liberty are not produced in those who are not subject to hindrances and *constraints,* the less we are aware of restric-

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tions, the less the term and reflex *liberty* will exist.

A person who is scarcely aware of the hindrances to freedom of mind, or of the constraints which are imposed on him by public powers, for instance, or by external circumstances of any kind, will react hardly at all against these constraints. He will have no impulse of rebellion, no reflex, no revolt against the authority which imposes such restrictions upon him. On the contrary, as often as not he will find himself relieved of a vague responsibility. His own deliverance, his freedom, will consist of feeling himself discharged of the responsibility of thinking, deciding, and willing.

The Values of the Mind

You will see the enormous consequences of this: among men whose sensitiveness to the things of the mind is so weak that the pressures which are exercised upon the production of works of the mind are imperceptible to them, there are no reactions, or at least no external reactions.

You know that this consequence is being demonstrated very close to us; you can see on the horizon the most obvious effects of such pressure on the mind, and you can observe at the same time the feeble reaction it produces. This is a fact.

And it is only too evident. I do not want to judge, however, because it is not my place to judge. Who can judge men? . . . Does it not mean setting oneself up as more than a man?

If I speak of this, it is because there is no more interesting subject for us, for we cannot tell what the future has in store for us men, whom I will call *men of the mind* if you wish. . . .

I think, then, that it is both necessary and disturbing to be obliged today to invoke—not what one calls the *rights of the mind,* for that is an empty phrase since there are no rights without power—but to invoke the interest, which is everyone's interest, of preserving and supporting the values of the mind.

Why?

Because the creation and the organized existence of the intellectual life find themselves in a most complex relationship, yet a most definite and intimate relationship, to life, indeed to human life. No one has ever explained what we men are, and that peculiarity of ours which is the mind. Mind is an internal power which has involved us in an extraordinary adventure; our species has become very remote from all the prime and normal conditions of life. We have invented a world for our mind, and we want to live in

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that world of our mind. It wants to live in its work.

It has been a question of remaking what nature had already made, or correcting it, and thus ending by remaking, to some extent, man himself.

To refashion, according to our already considerable resources, to remake our habitation, to equip the portion of the planet we inhabit, to overrun it in every direction, to plumb its heights and depths, to exploit it, to extract from it whatever it contains that can be turned to our purpose, all this is very good; and we cannot see what man would do if he failed to do that, save to relapse into an animal condition.

Knowledge Is Also Perishable

Let us not omit to say that all our truly spiritual activity, apart from the material remaking of the globe, is closely linked with such replanning, and this amounts to a veritable reshaping of the mind which has consisted of creating speculative knowledge and aesthetic values, and of producing a large number of works, a capital of immaterial wealth. But whether material or spiritual, our treasures are not imperishable.

I wrote a long time ago, in 1919, that civilizations are as mortal as living creatures, and that there is nothing extraordinary in the thought that our civilization might vanish with all its processes, its works of art, philosophy, and monuments, in the same way as so many other civilizations since the beginning of time – like some great ship that is submerged. In vain is such a ship provided with all the most modern devices for finding its way, or to defend itself against the sea; in vain does it take pride in the all-powerful machines that drive it forward, for they move it towards its destruction just as easily as towards port, and it vanishes with all hands and cargo.

All this struck me then, and I feel no more reassured today. That is why I do not feel it is useless to recall the precariousness of all our possessions, whether such possessions be culture itself, or freedom of expression.

For where there is no longer freedom of mind, culture falls in ruins. . . . One can see important publications and reviews which were very much alive across the frontier, and which are now full of articles of unsound erudition; one feels that life has ebbed from these periodicals, and yet that they must still pretend to maintain intellectual life.

There is an hypocrisy in this which reminds us of what used to happen in the period when Stendhal scoffed at certain learned

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gentlemen whom he met: despotism condemned them to take refuge in arguments over the proper punctuation of a passage in Ovid.

Such abject misery had come to seem incredible. Such absurdity appeared condemned for all time. But here it is again, revived and all-powerful in certain places. . . .

On every side we can see obstacles and threats to the mind, whose liberties are attacked at the same time as culture by our inventions and ways of living, by politics in general and by several different varieties of politics, so that it is perhaps neither futile nor disproportionate to sound the alarm and show the dangers that surround what the men of my time have considered the supreme good. • • •

From Paul Valéry, *Reflections on the World Today*. Translated by Francis Scarfe. Copyright 1948 by Pantheon Books, Inc., New York.

The Spirit of the Universe

I DOUBT if a collective will is ever very potent, but the individual will is powerful indeed and it is vital that it comes from minds whose understanding is based on truth. And inasmuch as each individual view of the truth is inevitably a little different from all others, we need to integrate them for greater wisdom. The collective pool of understanding grows from what is poured into it, but the contributions are those of individuals and the will to act must come from them — as the diversified individuals of a group acting together like those of an orchestra, not as members of a herd following the loudest voice.

We need faith, a faith in ourselves as human beings and not as members of this or that race or religion or stage or class of society. We need no faith in supernatural forces. We need only to recognize that our knowledge of the universe through our senses and our knowledge of the universe through our own inward nature show that it is orderly, moral, and beautiful; that it is akin to intelligence; that love and hope belong in it as fully as light itself; and that the power and will of the human mind is but a symptom of reality; that we, when we are most human, most rational, most aware of love and beauty, reflect and represent the spirit of the universe. That should be enough. But insofar as we recognize this and fail to live accordingly, we know and do evil in some degree, for the deeper the insight the greater the sin.

N. J. BERRILL, *Man's Emerging Mind.*

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Behind Civilization ...A VISION

EDMUND A. OPITZ

THERE has been a dramatic revolution in scientific thought in this century. The physics and chemistry of today's world bear little resemblance to the schoolboy sciences of a generation ago. The revolution in historical study has been hardly less dramatic. Historical writing used to be largely composed of folk legends, narratives of kings and their wars, tales designed to inflate nationalistic pride, and the like. But now history is conceived as the shadow cast by the evolving spirit of man (Gerald Heard), as the life history of cultures and civilizations (Spengler and Toynbee), or as the effort to understand the development of the present out of the past as an organic process, as with Christopher Dawson.

Heard's major contributions have been in other fields than history, but Dawson as an historian invites comparison with Spengler and Toynbee. These two men have gained spectacular popular success, whereas Dawson has not. But Dawson is the most prolific of the three, and there are those who would argue that he is a more profound thinker than either Spengler or Toynbee. In any event, penetrating essays on each of these men, as well as other essays on the histories of Augustine, Gibbon, Marx, and H. G. Wells, are included in a new anthology of Dawson's writings from 1921 to 1954, entitled *The Dynamics of World History* (Edited by John J. Mulloy. New York: Sheed & Ward, 489 pp. $6.00). Many of the selections appear in book form for the first time, and the topical arrangement of the whole affords an impressive panorama of Dawson's thought, valuable even to those who have read his books. The editor has arranged his thirty-one chapters under the following headings: The Sociological Foundations of History, The Movement

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of World History, Urbanism and the Organic Nature of Culture, Christianity and the Meaning of History, and The Vision of the Historian. To this superb collection the editor has appended what he modestly calls "A Note." Actually it is a valuable fifty-five page essay on Dawson. To round things off, there is a long and thorough index.

This book is highly recommended, alike to those who are interested in probing into mankind's curious and vagrant history and to those whose main concern is to get out of the mess we are in but who realize that no remedy is much good unless it proceeds from a sound diagnosis.

Who Is Christopher Dawson?

Libertarians with long memories may be wondering where they have heard the name Dawson before. Perhaps it was in Ralph Adams Cram's review of Nock's *Our Enemy, the State.* After a glowing endorsement of Nock's book, Cram said he would add only one thing: a recommendation that it be read along with Dawson's *Religion and the Modern State.*

This book appeared in 1936. Among other things, it is an analysis of totalitarianism which sees that its mistaken ideas about economics and government are symptomatic of a deeper illness. The philosophically minded person reflecting on the contemporary scene must ask: Why these mistakes at this time? Totalitarianism, Dawson contends, is the inevitable backlash following the uprooted liberalism which gained ascendancy in the nineteenth century.

Persons in Community

Several factors in that century conspired to deprive men of the lively appreciation that they are parts of the whole cosmic process and utterly dependent on it. An awareness of this relationship is the seed from which religion grows, flowering finally into a system of convictions about the nature of the cosmos and the moral obligations imposed by this nature. But there was a wing of liberalism which reduced religion to the level of a private idiosyncracy, as private and as irrational as the taste for catsup on ice cream. There are idiosyncratic elements in the historic religions, to be sure, but there is more. There is, in every vital religion, a system of ultimate values and beliefs which gains the assent and personal commitment of a significant number of people in any given society. This is the bond that joins persons in community; without it society cannot be a going concern.

The features which differenti-

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ate one society from another are structures and patterns precipitated by generations of commitment to a common set of values and beliefs; "behind every civilization there is a vision." Human frailties being what they are, no society will live up to its pretentions, but the striving of a significant number of people to do so permits "a growing capital of social tradition." This tradition is capable of molding, as well as being molded by, its component parts. This is obvious enough to anyone who is not color blind and tone deaf in respect to history.

Some nineteenth century rationalists appear to have been so afflicted. Nothing registered with them except abstract individuals capable only of nursing private satisfactions and pursuing private advantage. If this be the reality, the course of conduct is readily deduced: Follow self-interest, impede it slightly with moralisms extracted from the lately discarded religion, let everyone be on guard, and then a free for all.

The psychology here is faulty, stemming, as it did, from an inadequate cosmology. In due course it was to spell itself out into a collectivist ideology. For the concrete person as he appears in any historical society – as distinguished from the abstract individual of rationalist fancy – has the capacity for larger loyalties than he can contain in the effort to maximize private satisfactions. In the absence of a proper object of his loyalties – which it is the function of high spiritual faith to supply – he is susceptible to mob masters who dragoon him into bending the knee to the mortal god state.

Legitimate Materialism

Thus the totalitarian drift, as Dawson helps reconstruct it, is the agonized effort of the modern world to fill the void created when the traditional faith failed to keep itself contemporary. "A society that loses its religion loses at the same time its principle of inner cohesion," after which it attempts in vain to brace itself with outer compulsion.

Dawson is a religious man and writes from within the Roman communion, but he gives full weight to the importance of material factors. "Underlying the historical process and the higher activities of civilized life," he writes, "there are the primary relations of a society to its natural environment and its functional adaptation to economic ends . . . In a thousand ways human life is conditioned and determined by material factors, and there is a legitimate materialism which consists in the definition and analysis

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of these relations." Some students of man go no higher than this level. "But," according to Dawson, "a culture is not merely a community of work and a community of place; it is also, and above all, a community of thought, and it is seen and best known in its higher spiritual activities, to which alone the name of culture was first applied. It is impossible to understand or explain society by its material factors alone without considering the religious, intellectual and artistic influences which determine the form of its inner cultural life."

A culture is something cultivated; "it is a work of art, a triumph of human inventiveness and endurance, and it is the fruit of an age-long cultural tradition . . . Social progress and the very existence of society itself are the results of the creative force of human personality." There is thus a reciprocal relationship between individual persons and their respective societies.

Platform for Planning

But the isolated "individual" of some thinkers is a mere symbol, extracted for ease of manipulation from the concrete persons whom we actually confront. In our experience there are only actual people who are always citizens of a given nation, communicants of a certain religion, followers of a chosen occupation, full of prejudices, heirs of one of the strands of tradition, and so on. We never experience an "individual," conceived of simply as a manifestation of essential humanity stripped of the above "accidental" variations. "A great culture," Dawson writes, "sets its seal on a man, on all that he is, and all that he does, from his speech and gesture to his vision of reality and his ideals of conduct." It is neglect of this truth — i.e., that a culture is an integrated whole and not simply a collocation of separate parts — which prepares the stage for the planner armed with political power.

Spiritual Freedom Threatened

Given the picture of a disintegrated society of self-seeking units "we are too apt to believe that everything would go well with the world if only we could enforce common standards by universal economic planning and some form of political world organization."

To avoid that danger, we need a vital contact with Christendom in its broad sense — our western heritage of religion, science, scholarship, and literature. It is precisely at this point that Dawson proves so admirable a guide. ● ● ●

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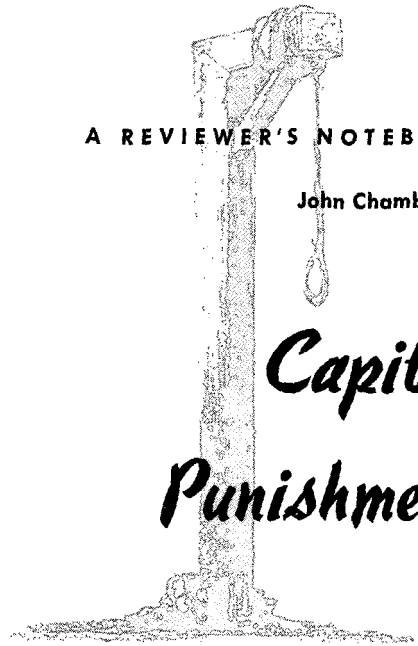

A REVIEWER'S NOTEBOOK

John Chamberlain

Capital Punishment

SOME three hundred years ago, in the time of Thomas Hobbes, John Milton, and John Locke, the British people hammered out a more or less complete philosophy of basic human rights. Assuming the right to life (and without it there can be nothing to bind men together in society), the other rights followed. Liberty and property were not only necessary to sustain life but also to render society sufficiently fruitful to support an ever-increasing number of human souls.

Naturally, in a universe in which nothing is very simple, there were operational areas in which rights—even British rights! — seemed to collide. An empirical folk, the British believed in custom, in the precedents of the Common Law. They resisted the impulse to codify their rules, rejecting both the codifications of the Roman law and — in the early nineteenth century — the *Code Napoleon*. As it seemed to them, orderly codification and an enhanced inquisitorial attitude on the part of the police seemed to go together. They wanted nothing of a Gallic — or a Roman — police. No regimentation for an Englishman, not even the threat of regimentation that might be presumed to exist in an armed and highly organized constabulary!

Hang the Rascals!

The fiercely libertarian attitude of Englishmen, however, entailed a paradox: to protect themselves against the necessity of having an armed and powerful police force, the British squirearchy of the eighteenth century decided that the penalties for crimes against life, liberty, and property must be made so horrifying that nobody would dare to transgress. Accordingly, they permitted parliament and the judges of England to fashion a series of laws and precedents that became popularly known as the "Bloody Code." The Bloody Code decreed hanging for virtually everything from petty larceny up to the most coldly premeditated murder. It became a byword on

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the European continent that, though you could almost certainly count on a fair trial in England, you could not count on the most elementary quality of mercy from either jury or judge if you were found to be guilty. Thus, out of an intense desire to protect their basic rights, Englishmen – quite paradoxically – became contemptuous of the right to life.

Jurors Rebel

In the nineteenth century, with the growth of humanitarian feeling, the British, still empiricists, commenced to find ways around their own law: juries often refused to convict murderers if there seemed to be mitigating circumstances, such as mental disorder or the more extreme provocation that goes with the *crime passionelle*. But the precedents that demand capital punishment for murders of many degrees still stand, and the "hang-hard" judges of England still insist on their application.

In his *Reflections on Hanging* (Macmillan, $4.50, 231 pp.), Arthur Koestler, a refugee from Russian and East European communism who loves England and the English, meditates upon this strange turn of affairs. How is it, he asks, how is it that the fairest, most humane, the least violent, people in the world can tolerate the vestigial remains of the old Bloody Code? During the 1930's, when he was taking part in the Civil War in Spain, Arthur Koestler spent three months in prison under sentence of death as a suspected spy. He knows what it is to anticipate the ominous tread of the hangman. And, since he was himself innocent of the charge of spying, he also knows that justice can frequently miscarry. His own experience causes him to shiver whenever he reads of a trial in Britain – or in America – for a capital offense. Accordingly, he has put all of his well-known moral passion into his book on hanging. This is an eloquent critique and commentary on how libertarianism can miscarry when sympathy is not applied with logical forethought in an area where basic rights collide.

Rehabilitation

As Koestler sees it, the death penalty might be justified if it actually had a deterrent effect. But Koestler is convinced – and he cites reams of comparative statistics to prove his point – that capital punishment is no more successful as a deterrent than imprisonment for life or detention for a long term during which rehabilitation of the murderer can be successfully accomplished. Murders are no more frequent in the Euro-

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pean countries – or in the American states – which have abolished the death penalty.

The reason the death penalty does not act as a deterrent is implicit in Mr. Koestler's analysis of "patterns of murder." It is not the hardened and habitual criminal who ordinarily kills. On the contrary, most murders are the grisly by-products of marital or lovers' quarrels, insane jealousies, suicide pacts that are only halfway carried through, and sudden rages that are touched off by drink. Mr. Koestler argues that no believer in scientific determinism can logically blame an unbalanced man for murder. Such a man is the inevitable sum of his unfortunate antecedents.

Opportunity of Redemption

But no Christian believer in free will can logically approve of the death penalty either, if it once be granted that it does not act as a deterrent. For the Christian, the only justification for hanging would be its salutary effect on the crime rate of the future. But if it has no effect beyond what can be obtained by simple detention, then charity dictates that a convicted murderer be given the chance of rehabilitating himself –i.e., of saving his own soul.

Mr. Koestler believes that free will is a fantastic notion in a world that conforms to scientific laws. But he also believes that man is a fantastic creature. His own solution of a mystery is to submit that the universe is still in process of day-to-day creation, and that man is one of the agents of that creation. Hence, Mr. Koestler aligns himself with those Christians who would not willingly tamper with the life of any of God's creative agents. The pattern is God's – and if we believe that it is God's will that a sinner be permitted the opportunity of redemption, then we will not willingly murder even a murderer if no social good is served by breaking his neck.

M'Naghten Rules

Mr. Koestler writes with all his well-known novelistic skill when he is giving us case studies of murderers. He also has a nice turn for irony. Noting the English concern for precedent, he investigates the so-called M'Naghten Rules which are supposed to supply the precedent for modern British hangings. What he discovers is that the M'Naghten Rules are themselves the result of a violation of precedent! Back in 1843 a North Irish Protestant named M'Naghten conceived the idea that the Pope, the Jesuit Order, and the Tory leader, Sir Robert Peel, were conspiring against him. So, by mistake, he

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shot Sir Robert's secretary, Mr. Edward Drummond. The jury sent M'Naghten to an institution when eight doctors certified that he was insane.

Instead of taking its place among the precedents that make up the Common Law, however, the M'Naghten decision was set before fifteen High Court judges through the medium of a parliamentary interrogation. Fourteen of the judges replied that M'Naghten should have been hanged. And because of the "precedent without precedent," the English have been hanging feebleminded murderers ever since. A bill which would alter the M'Naghten Rules and abolish the death penalty altogether has passed Commons, but the Lords have rejected it – and the government has not yet seen fit to resubmit it to Commons for passage without House of Lords concurrence.

Blaming the Industrialist

Mr. Koestler writes about murder with the clarity which he brings to all subjects. But he still betrays his original Marxist foolishness when he blames much of the severity of Britain's "Bloody Code" on the Industrial Revolution. On his own evidence, the notion that thieves, shoplifters, highwaymen, and murderers should all be hanged as "examples" dates back to a time when England was still a primarily agricultural land. The so-called Waltham Black Act was passed in 1722, when Hampshire landowners asked for a death penalty law against a band of poachers who disguised themselves by blackening their faces. The Waltham Black Act was soon stretched by the judges to cover 350 new capital crimes, many of them bucolic in origin, such as stealing a tree. The Waltham Black Act was repealed in 1823, before the Industrial Revolution was well begun. And certainly the Industrial Revolution had nothing to do with the law which provided the death penalty for theft of a squire's turnips. Moreover, as Mr. Koestler himself tells us, the death penalty for stealing from calico printers and bleaching establishments was repealed on petition of the capitalists themselves.

So much for Mr. Koestler's single remnant of Marxist cliché-thinking. Save for this lapse, *Reflections on Hanging* is a masterful piece of logical inference and persuasion. • • •

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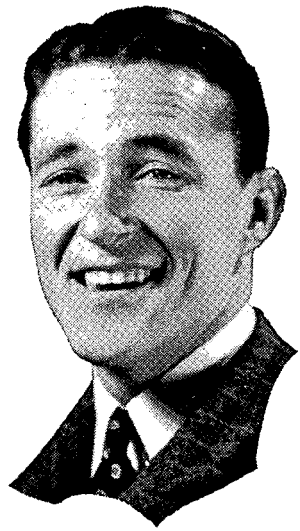

THOSE STRANGE INNER URGES

You have heard the phrase; "Laugh, clown, laugh." Well, that fits me perfectly. I'd fret, worry and try to reason my way out of difficulties—all to no avail; then I'd have a hunch, a something within that would tell me to do a certain thing. I'd laugh it off with a shrug. I knew too much, I thought, to heed these impressions. Well, it's different now—I've learned to use this inner power and I no longer make the mistakes I did, because I do the right thing at the right time.

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That book opened a new world to me. I advise *you* to write today and ask for your copy. *It will prove to you* what your mind can demonstrate. Don't go through life laughing your mental powers away. Simply write: Scribe L.F.S.

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A CONCEPT OF PRIVATE ENTERPRISE

by Sinclair Weeks

Secretary of Commerce

American peace, prosperity and progress result from a system of free, private enterprise and a system of government which, properly administered, encourages such enterprise.

Some form of free enterprise—in contrast to the tyranny, slavery and despair prevailing behind the Iron Curtain—is practiced in most of the free countries. Each nation follows a system satisfactory to the traditions and the needs of its people.

Opportunity and *growth* were—and are—the very foundation stones of the American way of life. *Optimism* and *good will* are conspicuous traits of the American character.

If we are to keep prosperity and foster long-range economic growth, however, businessmen also must be economic statesmen with a vision and a sense of duty that embraces the well-being of the entire nation.

The alternative to *free* enterprise is *captive* enterprise.

When we encourage the American private business system, we act in the interest of every single mortal in this entire nation. Prosperous business makes jobs and increases the prosperity of everyone—the record of the last several years certainly proves this.

The above comments are excerpts from an article by Sinclair Weeks. A copy of the complete article may be obtained by writing to:

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FROM A LIBERTARIAN'S LIBRARY

POLICIES of interventionism and socialism tend to immobilize the population and capital of the world, thus bringing about or maintaining the world divergencies of productivity, of wealth and income. A government that nationalizes efficient industries producing for the world market and then mismanages them not only hurts the interests of its own people but also those of other nations living in a world community.

These international conflicts are inherent in the systems of interventionism and socialism and cannot be solved unless the systems themselves are abolished. The principles of national welfare as conceived by our progressive planners conflict with the principles of international cooperation and division of production. If international cooperation is to be restored, the policies of government interventionism and socialism must be abandoned. If the policies of interventionism and socialism are to be continued, the disintegration of the world market and world cooperation with all its ill consequences must be accepted.

A selection from *How Can Europe Survive?* by Hans F. Sennholz, D. Van Nostrand Company, Princeton. 336 pp. $4.00

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